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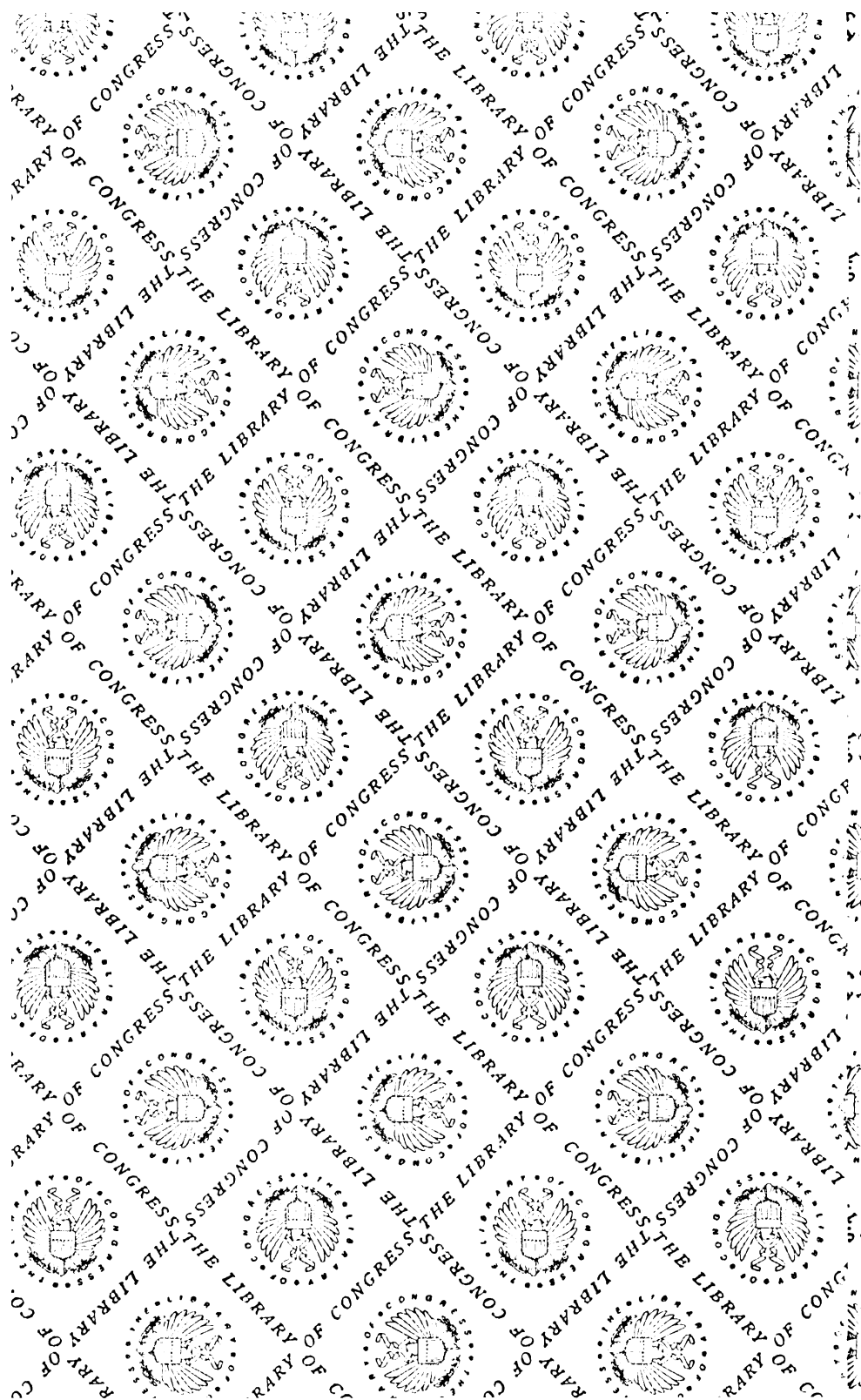
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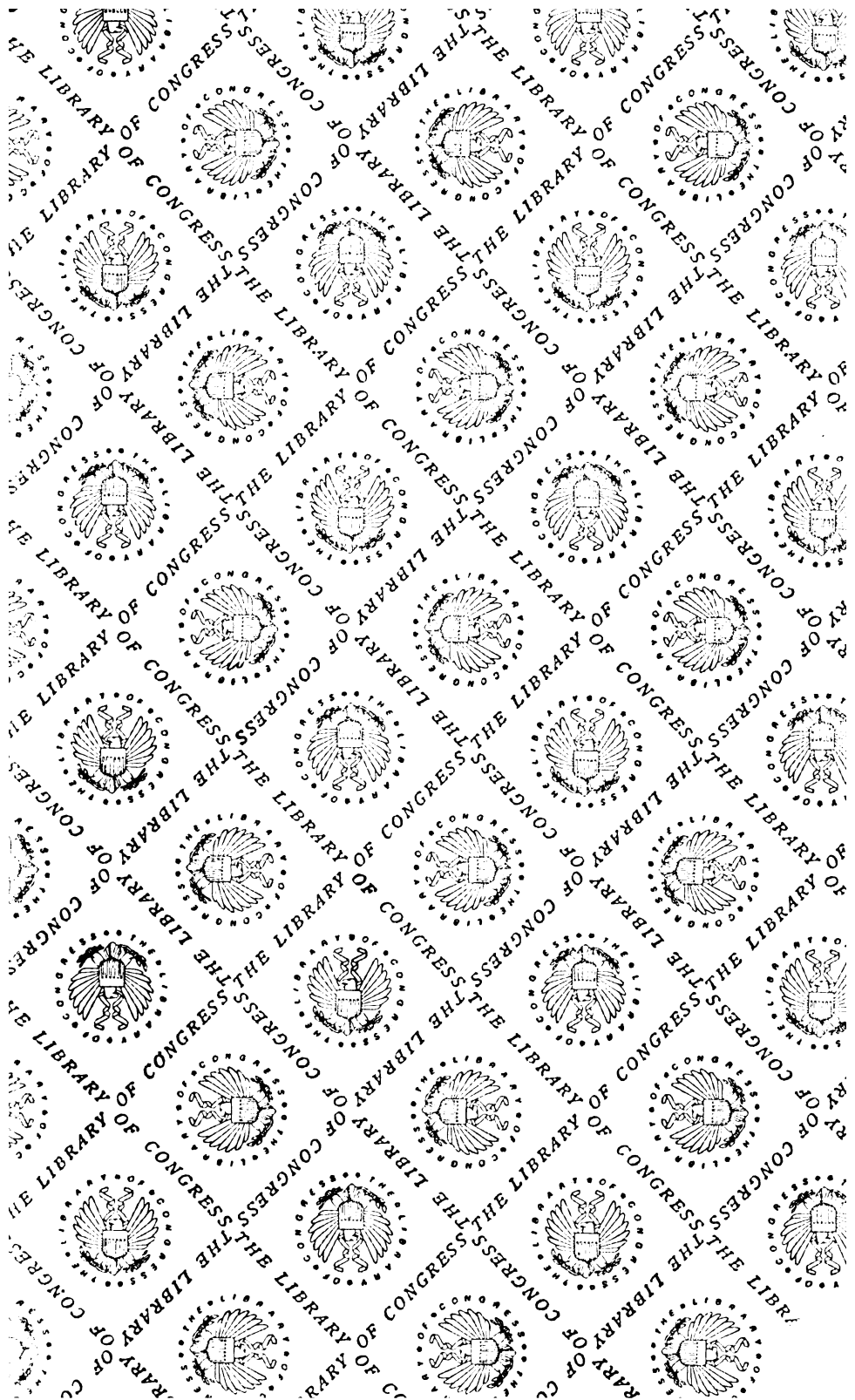
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RAILWAY MAIL PAY—SHORT LINES

HEARINGS

BEFORE THE

U. S. Congress. Senate.

COMMITTEE ON POST OFFICES AND POST ROADS UNITED STATES SENATE

SIXTY-FOURTH CONGRESS

FIRST SESSION

ON

BILLS RELATING TO RAILWAY MAIL PAY

MARCH 22 AND 23, 1916

Printed for the use of the Committee on Post Offices and
Post Roads, with illustrations

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RAILWAY MAIL PAY, SHORT LINES.

WEDNESDAY, MARCH 22, 1916.

UNITED STATES SENATE,
COMMITTEE ON POST OFFICES AND POST ROADS,
Washington, D. C.

The committee met at 10.30 o'clock a. m., pursuant to call, Senator John H. Bankhead presiding.

Present: Senators Bankhead (chairman), Smith of South Carolina, Swanson, Martine of New Jersey, Vardaman, Hardwick, Beckham, Penrose, Townsend, Catron, Weeks, Sterling, and McLean.

The CHAIRMAN. You may proceed, Mr. Swobe.

**STATEMENT OF MR. D. M. SWOBE, VICE PRESIDENT McCLOUD
RIVER RAILROAD AND PRESIDENT WESTERN ASSOCIATION
OF SHORT LINE RAILROADS.**

Mr. SWOBE. The Western Association of Short Line Railroads, of which I am the president, represents the small independent railroads operating in the 11 Western States. Our witnesses who are members and who will testify on the mail pay question before your committee are selected from the various sections of the West, and will testify as to the conditions that exist on their own lines, which conditions are typical of the conditions existing on other short lines in that locality, and I would like to file a list of the western short lines which we represent and which comprises 62 roads.

(The list referred to is here printed in full as follows:)

Amador Central Railroad, Balboa Building, San Francisco, Cal.
Arizona & New Mexico Railway, Clifton, Ariz.
Arizona Southern Railroad Co., Red Rock, Ariz.
Bay Point & Clayton Railroad, 9 Main Street, San Francisco, Cal.
Bingham & Garfield Railway Co., Salt Lake City, Utah.
Butte, Anaconda & Pacific Railway, Butte, Mont.
California Western Railroad & Navigation Co., Crocker Building, San Francisco, Cal.
Central Railroad of Oregon, Union, Oreg.
Centralia Eastern Railroad, Centralia, Wash.
Colorado & Wyoming Railway, 720 Boston Building, Denver, Colo.
Colorado, Wyoming & Eastern Railway, Laramie, Wyo.
Columbia & Nehalem River Railway Co., Columbia County, Oreg.
Columbia & Puget Sound Railroad, Seattle, Wash.
Crystal River & San Juan Railroad, Marble, Colo.
Denver, Laramie & Northwestern Railroad, Denver, Colo.
Great Southern Railroad, The Dalles, Oreg.
Holton Inter-Urban Railway, Redlands, Cal.
Idaho Southern Railroad, Milner, Idaho.
Independence & Monmouth Railroad, Independence, Oreg.

Las Vegas & Tonopah Railroad, Los Angeles, Cal.
 Lake Tahoe Railway & Transportation Co., Rialto Building, San Francisco, Cal.
 Lewiston, Nez Perce & Eastern Railroad, Lewiston, Idaho.
 Los Angeles & San Diego Beach Railway, San Diego, Cal.
 McCloud River Railroad Co., Flood Building, San Francisco, Cal.
 Mount Hood Railroad, Hood River, Oreg.
 Milner & Northside Railroad, Milner, Idaho.
 Nevada-California-Oregon Railway, Reno, Nev.
 Nevada Central Railroad Co., Austin, Nev.
 Nevada Copper Belt Railroad Co., Mason, Nev.
 Nevada County Narrow Gauge Railroad, Hobart Building, San Francisco, Cal.
 Nevada Northern Railway Co., East Ely, Nev.
 Nevada Short Line Railway, Reno, Nev.
 Northern Electric Railway Co., Sacramento, Cal.
 Oakland, Antioch & Eastern Railroad, 105 Montgomery Street, San Francisco, Cal.
 Ocean Shore Railroad Co., 52 Eleventh Street, San Francisco, Cal.
 Oregon, Pacific & Eastern Railway, Cottage Grove, Oreg.
 Pacific & Idaho Northern Railway, New Meadows, Idaho.
 Pacific Coast Railway Co., San Luis Obispo, Cal.
 Pajaro Valley Consolidated Railroad, Spreckels, Cal.
 Portland & Southwestern Railroad, 1120 Spalding Building, Portland, Oreg.
 Ray & Gila Valley Railroad Co., Salt Lake City, Utah.
 Riverside, Rialto & Pacific Railroad Co., Evans Block, Riverside, Cal.
 San Diego & Arizona Railway, San Diego, Cal.
 San Diego & Southeastern Railroad, San Diego, Cal.
 San Joaquin & Eastern Railroad, 624 Pacific Electric Building, Los Angeles, Cal.
 San Luis Southern Railway, Denver, Colo.
 Sierra Railway Co. of California, Jamestown, Cal.
 Silverton Northern Railroad, Silverton, Colo.
 Spokane International Railway, Spokane, Wash.
 Stockton Terminal & Eastern Railroad, Stockton, Cal.
 Sumpter Valley Railroad, Baker, Oreg.
 Tonopah & Tidewater Railroad, Central Building, Los Angeles, Cal.
 Trona Railway Co., 336 Pacific Electric Building, Los Angeles, Cal.
 Uintah Railway, Mack, Colo.
 Ventura County Railway Co., Oxnard, Cal.
 Virginia & Truckee Railway, Carson City, Nev.
 Wenatchee Valley & Northern Railroad, Leavenworth, Wash.
 Walla Walla Valley Railroad, Spalding Building, Portland, Oreg.
 Washington, Idaho & Montana Railway, Potlatch, Idaho.
 Washington Western Railway, Three Lakes, Wash.
 Yosemite Valley Railroad, Merced, Cal.
 Yreka Railroad, 818 Crocker Building, San Francisco, Cal.

Mr. SWOBE. We are vitally interested in the mail-pay question in the West, for the reason that our condition is entirely different from that of any other section of the country. When we see enormous decreases in our freight revenues and such commodities as cement, flour, sugar, canned goods, coal, cheese, etc., which were formerly moved by freight and on which we enjoyed a fair revenue, diverted to parcel post, for which we receive no revenue, we can not help but feel that a great injustice is being done.

As held by the various railroad commissions in the West, upon these short lines fall the burden of the development of the western country. The trunk lines follow the course of least resistance between large producing and large consuming centers, but the short lines must pioneer and develop the interior through sparsely settled mountainous countries from which they can draw business, and with very little promise for the future. As the Public Utilities Commission of Oregon stated, "The short lines need and are entitled to a reasonable compensation for their transportation service. No order would or could be made by this commission affecting their revenue without a painstaking and thorough investigation. The margin of

net profit is so small that neither the Federal Government nor any State tribunal should reduce their compensation * * * whether by reduction in mail pay or by reduction in freight or passenger rates, except after a full showing of the unreasonableness of the existing compensation. It goes without saying that the imposition of an undue burden upon such carriers or the withholding of a reasonable compensation must offset itself, impair service, or increase rates upon other traffic, or both. In any event, the community served will feel the effects at once."

The short lines of the West, realizing the great injustice being done them by the Government on the question of mail pay, and knowing they were right in their contention, have gone to the various railroad and public-utility commissions in the Western States which have such commissions, and have asked them to investigate the question of mail pay on the various short lines under their jurisdiction; and while each and every one of the commissions were backward about taking up a question in which the Federal Government was involved and on a matter over which they had no jurisdiction, they have, after investigation, realized that the development of the West hinged to a very large extent on whether or not our lines were to receive fair compensation for the handling of the United States mail, and recommended to their Senators that relief be given the short lines of the West. Most certainly we would not have asked our State commission to investigate this question if we had not been positive in our own minds and we believed that in the mind of any fair-minded man that our position would appear to be absolutely just. Distance and expense, I assure you, were the only obstacles which prevented our making a similar request upon the Interstate Commerce Commission. I would like to file for the record the opinions of the California State Railroad Commission, the Railroad Commission of Nevada, the Public Service Commission of Oregon, the State Corporation Commission of New Mexico, the Public Utility Commission of the State of Colorado, and the Public Utility Commission of Idaho.

(The papers referred to are here printed in full as follows:)

PUBLIC UTILITIES COMMISSION,
Boise, January 19, 1915.

CLARENCE M. ODDIE,
*Secretary Western Association of Short Line Railroads,
San Francisco, Cal.*

DEAR SIR: Yours of January 6 was received in due course, but we are sorry to state that, on account of the short notice and pressing matters demanding the attention of our commission, we are not able to take action indorsing the letter and report of the California State railroad commission in time for the hearing at Washington.

We are in sympathy with the stand taken by the California commission, and if there is anything in the future that we may do to assist in this matter, please advise us.

Yours, very truly,

PUBLIC UTILITIES COMMISSION,
By A. L. FREEHAFFER,
Commissioner.

FEBRUARY 1, 1915.

HON. J. H. BANKHEAD,
*Chairman Senate Committee on Post Offices and Post Roads,
Washington, D. C.*

GENTLEMEN: Representations have been made to this commission by representatives of the railways doing business in the State of Idaho regarding the readjustment of the railway mail pay, as provided by the Moon bill (H. R. 17042) and the Bourne bill (S. 6405). This commission is informed that the enactment of either one of these

bills, or of any similar bill founded upon the same basis or premises into law, would have the effect of a sweeping reduction in the amount of compensation paid by the United States Government to the railways of the State of Idaho for the handling of the United States mail and for service of all classes and kinds performed by the railways in connection therewith.

Specific figures are submitted by some of the smaller or independent and branch lines which show that the passage of the bills mentioned would have the effect in those cases of reducing the railway mail compensation to the respective companies by from 49 to 55 per cent, and figures are submitted in these cases which indicate that the basis of pay as now in effect is inadequate and does not fairly represent the fair and just proportion which the Government should assume of the expenses of all sorts incidental to the service involved in the handling and transportation of the United States mails.

This commission is informed that the basis of proposed remunerations set forth in the bills is arrived at, where any definite basis is indicated, by taking a general line of averages of cost of handling mail throughout the whole of the United States and adding to the same a certain percentage supposed to represent a reasonable net profit to the railway companies affected.

It is submitted that wherever an average cost is ascertained, it must be apparent that some of the individual costs are higher, and many of them far higher than the average. As applied to the subject at issue, the commission believes that any average cost, however honestly ascertained, must be far below the actual cost of handling to the railways in the vast, sparsely settled, and only partially developed West, a condition perhaps particularly true in the State of Idaho. The commission feels that a reduction in railway mail pay may, and possibly must, have the effect of making the passenger train service now in effect on most of the branch railways of this State, unprofitable, and especially in this true in cases where returns under present conditions are inadequate and that such reduction may result in less frequent and less efficient passenger train service. If the present service be maintained without profit to the railways, then an unfair and undeserved burden is placed upon the operating company, and if the present service is maintained with profit to the railways, then the patrons of the lines, rather than the United States Government, are paying an undue portion of the revenues of the company for their portion of the services rendered.

It may be asserted, in the opinion of this commission without fear of successful contradiction, that where the United States Government pays less than its fair and just proportion of all operating expenses, including interest, taxes, depreciation, and a reasonable profit to the operating company, that, if the service be profitable, the other patrons of the service must be paying more than a fair and just proportion of the charge for the same.

For this reason the people of Idaho are directly concerned in a fair and equitable adjustment of the railway mail-pay situation. From the representations made and the statements hereto attached, the commission feels that both the Moon and Bourne bills should be rejected, and that any readjustment of the railway mail pay should be carefully considered, to the end that no injustice shall be done to the smaller lines of railway and through them to the people of the sparsely settled West.

Herewith inclosed you will find copies of the specific facts and figures submitted to the commission by some of the smaller, independent, and branch lines of railroad in Idaho.

Respectfully submitted.

PUBLIC UTILITIES COMMISSION OF IDAHO.
By A. L. FREEHAFFER, *Chairman*.

RAILROAD COMMISSION OF NEVADA,
Carson City, Nev., January 8, 1916.

TO THE SENATORS AND REPRESENTATIVES OF NEVADA
IN THE CONGRESS OF THE UNITED STATES.

GENTLEMEN: There are certain measures now pending in Congress relative to mail pay which seem peculiarly to affect the smaller roads in this western country and very much to the injury of said roads.

This commission has no desire to criticize the detailed provisions of these various laws or even to suggest what the rates for the mail service should be. It is a question which it is very difficult for anyone to figure out closely, unless he is immediately and directly connected with the service and can give a great deal of time and thought to the matter.

This commission has an interest in the question only in a general way. It seems to us that if the rates are made unreasonably low for the mail service the railroads

will of necessity endeavor to recoup their losses by higher charges upon other classes of traffic. The committees having this matter in charge should give due consideration to this fact. There is a great deal more involved in the transportation problem than the mere question of how much the Government is to pay for the carrying of the mails. If compensation for this service is reduced below what is just and reasonable, obviously it is more difficult to make reductions in the charges imposed upon other classes of traffic. Thus, while the Government might be benefited in its revenues, the masses of the people who pay for passenger and freight service would be made to suffer.

It seems that in these various bills there are provisions with regard to the amount of space which shall be furnished in mail cars for this service. It appears to the members of this commission that these requirements may be somewhat severe upon the smaller roads with their limited equipment. This is a matter which should receive the most careful consideration at the hands of the committees in charge of the measures to which reference is here made.

There is, however, one feature of the present situation with regard to the mail service upon which the members of this commission have very pronounced views. This is the provision for quadrennial weighing. Under any circumstances in a country like this, growing rapidly, with its mail service increasing by leaps and bounds, the custom of only weighing the mail matter once in four years for the purpose of determining the compensation to be paid to the railroads does not seem to be just or fair.

The injustice is even more marked since the parcel-post legislation was enacted. This has led to an increase in the quantity of mail matter carried vastly greater than ever before took place in the history of our country.

It is not necessary in this communication to go into details. It is perfectly clear that the change in the postal laws by which enormous quantities of merchandise may be sent by mail very greatly increases the burdens of the rail carriers.

The members of this commission are strongly of the opinion that any legislation which is enacted by Congress should provide for annual weighing. Even that under existing conditions would still leave the rail carriers at a marked disadvantage.

We feel that it is only just to the carriers for us to make this statement; and we most respectfully ask you, and each one of you, to lay the matter before the committees having these post-office bills in charge and urge such committees to consider carefully the points herein suggested.

Very respectfully, yours,

RAILROAD COMMISSION OF NEVADA.
By H. F. BARTINE, *Chief Commissioner.*

NOVEMBER 10, 1915.

HON. HARRY LANE,
United States Senate, Washington, D. C.

DEAR SIR: A committee representing the Western Association of Short Line Railroads has held an informal meeting with this commission on the question of railway-mail pay, and has given us the point of view of the minor and independent railroads with reference to this subject. The short line carriers are especially alarmed at the threatened passage of the Moon bill.

The merits of that bill we do not intend to discuss, because we lack sufficient information and because this commission, being one of limited jurisdiction, has not been specifically vested with authority to inquire into the subject matter. We do, however, understand the general situation as respects the short line railroads of this State.

Your knowledge of the transportation history of the State is so intimate that without any suggestion from us you will appreciate fully the important part these small railroads have played in the pioneering of the territory; the opposition they have had to face from the larger lines; the sparsely settled country from which they can draw business, and the lack of promise for the future. They need, and are entitled to, a reasonable compensation for their transportation service. No order would or could be made by this commission affecting their revenue, without painstaking and thorough investigation. The margin of net profit is so small that neither the Federal Government nor any State tribunal should reduce the compensation of the small roads, whether by reduction in the mail pay or by reduction of freight or passenger rates, except after a full showing of the unreasonableness of the existing compensation. It goes without saying that the imposition of an undue burden upon such carriers, or the withholding of reasonable compensation, must reflect itself in impaired service or increased rates upon other traffic, or both. In any event, the communities served will feel the effects at once.

We write you in the hope that when this matter comes to be considered, you will remember that the small western railroads can not maintain a lobby or procure the services of high-priced counsel to appear before congressional committees, and that the mail pay is of vital importance to them if they are to continue in business, and we bespeak your very careful investigation upon the merits.

If we can give any information as to the affairs of any of the short line railroads within our jurisdiction we shall be pleased to comply with any request you may make.

Very truly, yours,

PUBLIC SERVICE COMMISSION OF OREGON.
By C. B. AITCHISON, *Commissioner*.

RAILROAD COMMISSION OF THE STATE OF CALIFORNIA,
San Francisco, Cal., December 30, 1914.

J. H. BANKHEAD,
Chairman Senate Post Office Committee, Washington, D. C.

GENTLEMEN: This commission has been approached by representatives of the Western Association of Short Line Railroads with the request that we take an active interest in the consideration of the Moon bill (H. R. 17042) and the Bourne bill (S. 6405).

The representatives of the Western Association of Short Line Railroads strongly urge that the enactment of either of these bills will bring about an unjust compensation to be paid by the Federal Government to the short line railroads for carrying parcel-post packages.

This commission, of course, is interested in all matters involving the revenue of railroads within its jurisdiction. Obviously if these railroads are forced to carry certain traffic at unremunerative rates, the remaining traffic must bear an undue share of the burden or the railroads must lose the difference between the unremunerative rate and a fair rate.

Our difficulty in this instance is that we have not had presented both sides of this matter. Therefore this commission is unwilling to declare for or against either of these bills.

However, we have had our rate department examine the reports, etc., submitted by the railroads, and this department has made a report to us which discloses a condition which we believe should be carefully considered by those having in charge the adjustment of the compensation to the railroads for carrying parcel-post packages.

We are inclosing a copy of this report made by our rate department with the request that the same be given careful consideration by those in Congress who have this matter in charge.

Having no definite knowledge of the present status of these bills, we are sending this letter to the appropriate committees of the Senate and the House; also to the Senators and Representatives from the State of California.

Respectfully,

JOHN M. ESHLEMAN,
H. D. LOVELAND,
ALEX. GORDON,
MAX THELEN,
EDWIN O. EDGERTON,
Commissioners.

To the honorable the RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

GENTLEMEN: Pursuant to instructions of Commissioners Loveland, Gordon, and Edgerton, I conducted an informal hearing with the representatives of the Western Association of Short Line Railroads concerning the question of mail revenue paid by the Government to the railroads.

Not having been present during the discussion with the commissioners mentioned, I am not in a position to comment on what was brought out before I was directed to conduct the hearing.

The short line railroads operating in territory west of the Rocky Mountains vigorously protest against the enactment of two bills now pending in Congress, viz, the Moon bill (H. R. 17042) and the Bourne bill (S. 6405), claiming that should either of these bills pass the compensation paid by the Government for the carriage of mails, which is already too low, will be further reduced.

The principal point in the controversy hinges on the carrying of parcel-post packages. The railroads suggest that the present method of handling mail and arriving at rate of compensation be changed in three important particulars:

1. That the Government divide the country up into districts and grade the rate of pay according to the territory in each district, particularly as to population, character of country through which roads operate, etc.
2. That the mails be weighed up annually instead of quadrennial weighings as at present, in order to arrive at the average weight of mails carried.
3. That the railroads be relieved of the terminal services of delivering mail to the post office.

I will discuss the matter in the order mentioned above.

It is claimed that the rate of pay decided upon is by the sponsors of the two bills in question, and is based on data and averages obtained from a consideration of mail carried on all railroads in the United States.

The territory west of the Rocky Mountains is comparatively sparsely settled along the lines of the small railroads and many of these lines operate in a mountainous section under conditions which do not obtain in the eastern and more populous sections of the East.

House bill 17042 (Moon bill) practically amounts to the substitution of space for a weight basis, while Senate bill 6405 (Bourne bill) provides for an absolute space basis and it is claimed that the rates of pay on the space basis will be much lower than on the present weight basis, which is alleged to be too low as it is.

It is impossible for me to determine just what the reduction will amount to, for, as I read the proposed acts, it will be necessary to know what space the Postmaster General demands and after obtaining this information arrive at the revenue the railroads would receive and then compare it with the present revenue, based on the average weights obtained at the last quadrennial weighing.

It would seem as though it would be fair to take into consideration all of the operating conditions of the short-line railroads of the West, and if it developed that the rate of pay was based on conditions of operations less severe than in the West then a higher rate should be allowed to the western short lines.

I have no way of knowing how the scale of rates mentioned in the bill was arrived at; but it seems reasonable to suppose that if it is fair to some line in the East, having a large volume of traffic and a level country to operate through, then the same rate is unreasonably low where the road operates through a sparsely settled country producing little traffic and operating under severe conditions.

The Interstate Commerce Commission deemed it advisable to differentiate in the rates granted express companies and divided the country into zones, prescribing higher rates in one zone than in the other.

The contention of the carriers that they are entitled to an annual instead of a quadrennial weighing, if the present method of assessing mail compensation is continued, impresses me as being eminently fair.

The last quadrennial weighing took place in the spring months of 1914. Since the weighing was completed and the average arrived at which must govern for four years the weight of parcel-post packages which will be transported by mail has been raised to 50 pounds, and as a result shipments of all kinds are now moving by parcel post which formerly moved by freight. It is apparent that the weight now being carried is vastly in excess of the average obtained in the spring. In many cases the railroads claim to be handling from three to five times as much weight as they are being paid for.

It appears to me that the Government plays a game at which it can not lose, for the average obtained by weighing mail for several months will scarcely hold good for over four or five months thereafter, even if the weight of the package which will be carried is not increased.

The business is constantly increasing from year to year, and the Government makes a clear gain of all the increase in business for about three and one-half years out of every four. The railroads at the end of a four-year period pick up the slack for a few months and then proceed to haul all of the natural increase in the traffic for nothing until the next quadrennial weighing.

I think the whole arrangement is unjust to the carriers and they should be entitled to an annual weighing.

As to the contention of the carriers that they should be relieved of the terminal service, I am unable to determine whether or not the rates now paid, if on a reasonable weight basis, contemplate delivery to post offices. If the post office is within a certain distance of the depot, carrier makes delivery, otherwise not; but inasmuch as the same rate obtains in either event it is apparent that the extra service of delivery

to post office was not considered, unless perhaps the Government figured the cost of delivery at such points as it is performed and spread it over the entire system.

It seems to me more logical that the rates be based on the transportation service only, and that the Government either take delivery at the depot or pay the carrier for performing the service.

The principal grievance of the small railroads—and while we have not heard from the large lines, I believe it applies also to them—is the present rates charged by the Government for the transportation of parcel-post packages.

The parcel post was, I believe, created to handle such of the transportation business then handled by express companies, but was not intended to drive the railroads out of the freight business.

The raising of the weight limit to 50 pounds has induced many wholesalers to adopt a 48-pound package as standard, so that almost every conceivable commodity can now be shipped by parcel post.

I do not believe that railroads are losing much freight business to points located directly on the railroad except where the freight rate is so near the parcel-post rate that the passenger-train service of the latter offers sufficient inducement to ship by parcel post.

The principal complaint is including in a zone stage-line points very remote from railroads, and it works out in the following manner:

Shipment of hams:

Parcel-post rate per 100 pounds, Marysville to Bieber.....	\$1.08
Freight rate, Marysville to Bartle.....	\$0.82
Team rate, Bartle to Bieber.....	.75

Lowest possible rate for freight rate and freight team service..... 1.57

Difference in favor of parcel post for passenger-train service and auto stage..... .49

In order to get any business at all the railroads must at least meet the parcel-post rate of \$1.08, from which they pay at the very lowest 75 cents for freight team delivery. This leaves the railroad but 33 cents for their service, as against their regular rate of 82 cents.

While the railroad can get the freight hauled for 75 cents per 100 pounds beyond Bartle, the Government actually pays \$1.50 per 100 pounds for the expedited service, and thus at the very beginning is paying 42 cents per 100 pounds more for the stage service than it receives for the entire movement without any consideration being given the railroad for its service.

The case above cited is not by any means an isolated one, and any number of instances could be mentioned where the Government pays a great deal more for the stage haul alone than it receives for entire parcel-post movement. For instance, parcel post may be moved from Sacramento to Weaverville for \$1.08 per 100 pounds, while the Government pays the stage line from Redding to Weaverville \$2.10 per 100 pounds. The rate from Sacramento to Downieville is \$1.08 per 100 pounds, while the Government pays the stage line from Nevada City to Downieville \$2.50 per 100 pounds.

The railroads contend that whenever the Government has to pay a great deal more for the stage haul than it receives for the entire movement, both rail and stage, it naturally pinches down the railroads as low as possible.

It may be that in determining what rates will be charged for parcel-post packages, the Government figures that the rates it receives on shipments destined to railroad points are sufficiently remunerative to enable it to extend the same rates within the zone to stage-line points, notwithstanding the fact that on the stage-line business there is a clear loss.

The question to be decided by the commission is whether or not the low parcel-post rate to stage-line points diverts sufficient freight traffic from the railroads so as to seriously affect their revenue. The small roads, particularly those in the mountain sections, depend to a large extent on the traffic moving beyond the terminus of their respective lines, and if the parcel-post rates are as low or lower than the railroad freight rate, plus the freight team rate, to destination, the business will naturally move by mail.

From the evidence we have before us it would seem that the smaller roads are being seriously affected by the present parcel-post rates; but, as before stated, I do not believe it materially affects the larger lines on business destined to strictly rail points, except in a few isolated cases where the freight rate and the parcel-post rate are very close together.

The short-line railroads request that this commission recommend to the House and Senate Committees on the Post Office and Post Roads that an opportunity be given the representatives of the short lines to present arguments why neither the Bourne or the Moon bills should be passed by Congress. I believe it is safe to say that the short-line railroads are in some instances so seriously affected as to warrant this commission making such a request of these committees.

Respectfully submitted.

R. H. SANBORN.

DECEMBER 28, 1914.

NEW MEXICO STATE CORPORATION COMMISSION,
Santa Fe, January 12, 1915.

HON. JOHN H. BANKHEAD,
Chairman Committee on Post Offices and Post Roads,
United States Senate, Washington, D. C.

DEAR SIR: We are in receipt of communication addressed to you by the railroad commission of the State of California under date of December 30, last, protesting against the passage of Moon bill (H. R. 17042) and the Bourne bill (S. 6405) in their present form, and this is to advise that we heartily indorse the statement of the freight department of the California commission in this matter and concur in all the findings therein; and this commission desires to go on record in the same manner as the California commission in this matter, as we feel that the railroad company should be fully compensated for carrying the mails, and, if not, we can not but feel that other traffic will suffer on that account, and can see no good reason why the Government of the United States could not pay on a reasonable basis, the same as a corporation, firm, or individual.

Yours, very truly,

STATE CORPORATION COMMISSION.
By M. S. GROVES, *Chairman.*

DENVER, COLO., March 1, 1916.

HON. JOHN F. SHAFROTH,
United States Senate, Washington, D. C.

DEAR SIR: Several of the short-line railroads of the State of Colorado have presented to this commission those matters contained in the Moon rider to the Post Office appropriation bill, which has just passed the House, relative to the carrying of Government mail on the railroads; also discussing with us the Phelan bill, which has to do with the same subject.

We, as the public utilities commission of this State, after having heard only the side of the railroads, believe that the Moon rider should receive serious study at your hands, because if the position taken by the railroads is correct, to wit, that they are not thoroughly compensated for the service rendered, then these railroads will naturally call on the Interstate Commerce Commission or the State commissions for increases in intrastate and interstate passenger, express, and freight rates, which will naturally embarrass regulatory bodies.

We would respectfully request you to give this matter very careful consideration, and would solicit you to acquaint yourself with the merits of the Phelan bill to the end that the Interstate Commerce Commission, which now regulates the rates of railroads, except as to mail traffic, may have jurisdiction over the mail pay rates.

Would suggest that you confer with Senator Phelan as to Senate bill No. 4175.

Very truly, yours,

THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO,
By M. H. AYLESWORTH, *Chairman.*

Mr. SWOBE. A similar letter was sent by the public utilities commission on the same date as the above to Senator Charles S. Thomas, of Colorado.

I also wish to call the committee's attention to a decision of the Interstate Commerce Commission in case No. 6996, in which case the freight rates of a number of the short lines in the West, particularly in the State of Nevada, were under consideration, and their

rates were sustained for the following reasons—I quote from the decision:

The lines of these railroads pass through an arid and mountainous region barren of timber and nearly devoid of all other vegetation, with severe grades and difficult operating conditions. The scale of wages paid to employees is necessarily higher than in other sections of the United States. The traffic is so light and the volumes are so meager that only one of these roads has been able, since the date of its construction, to meet its operating expenses and fixed charges. The outlook for the future of these lines is not encouraging. The roads are apparently being operated with reasonable economy consistent with good service. The rates to these Nevada points are on a higher level than the rates for like distance in other parts of the country, and the rates complained of in this case above cited not found unreasonable.

There is seldom sufficient business tributary to the short lines to justify their construction, and it therefore becomes necessary for them to reach out into the interior to originate business. To do this, they have been instrumental in the establishment of freighter or teaming service from the various points on the railroads into the interior. As the country develops, passenger stage lines are established, which eventually become star routes, so that the short-line railroads of the West become the connecting link between the star route and the trunk lines, serving a sparsely settled local territory, with no through business except such as originates beyond its own rails, and therefore, with their extremely heavy operating conditions, it can be more justly compared with that of a star route than that of a trunk-line railroad.

With reference to operating expenses, I will cite the conditions as existing on the McCloud River Railroad, of which line I am vice president, which is typical of the short lines in the West. The McCloud River Railroad is located approximately 300 miles north of San Francisco, connecting with the Southern Pacific at Sisson, running east, and encircling the base of Mount Shasta, operating over 4 per cent grades and 18 degree curvatures. On account of our elevation we must contend with heavy snows in the winter, which compel the industries which we serve to close down for five or six months during the year, during which time we have very little business.

For the fiscal year ending June 30, 1915, we showed a deficit of \$22,346.12. The percentage of expense to earnings was 80.59 per cent. During the month of January, 1916, we showed a deficit of \$19,395.59. During this month the percentage of expense to earnings was 261.41 per cent. For the last seven months the percentage of expense to earnings was 77.38 per cent. Last year we showed your committee pictures taken during the winter of 1914, depicting the condition of our line during the winter months, which I believe show the heavy operating cost more clearly than figures. During the present winter we have had to combat more than 200 inches of snow, and in one storm during the month of January there was a snowfall on our line of 154 inches. I would like to submit pictures taken on our line in January, 1916. [Exhibiting photographs.]

We showed your committee last year how absolutely impossible it is for us to make freight rates by which we can compete with the parcel post, and we could submit to you statements showing millions of pounds of freight that have been actually taken from our freight cars, for the transportation of which we formerly enjoyed a reasonable return, and diverted to the parcel post, for which we receive

absolutely no compensation. I believe that every member of this committee is thoroughly familiar with these facts, as the same conditions exist now, only to a greater extent, that existed prior to our hearing of last year, which conditions are outlined on page 20 of the hearings before this committee, Sixty-third Congress, third session.

Therefore, I will not take the time to submit a long statement covering this condition, but will cite one instance which was selected by the railroad commission of California at the time they were investigating our mail-pay question, which they selected as typical. They referred to the rate on hams in 48-pound packages, moving from Marysville, Cal., to Bieber, on a parcel-post rate of \$1.08 per 100 pounds. This shipment moved via the Southern Pacific from Marysville to Sisson, a distance of 96 miles; from Sisson to Bartle, over the McCloud River Railroad, a distance of 36 miles; and from Bartle to Bieber via star route, a distance of 90 miles, making a through mileage of 222 miles; and, as I have stated before, at \$1.08 parcel-post rate per 100 pounds, giving passenger-train service. The freight rate from Marysville to Bartle on hams is \$0.82 per 100 pounds. The forwarding charge \$0.10 per 100 pounds, and the lowest available teamster rate we have been able to secure in carload quantities from Bartle to Bieber is \$0.75 per 100 pounds, or a through rate of \$1.67 per 100 pounds, which, you will note, leaves an advantage of 59 cents per 100 pounds in favor of the parcel post. This one commodity is typical of all other commodities that can be shipped in 50-pound packages, and as you are aware, the standard package in such localities in the West is 48 pounds. This covers canned goods, cement, sugar, flour, cheese, and practically all commodities except bulky freight. Formerly the standard weight of these packages was 60 pounds.

The order of the Postmaster General of September 1 last, practically doubling the parcel-post rates for shipments moving over 300 miles, has given absolutely no relief. In northern California in one instance it has had the effect of inducing the merchants in the interior to purchase their supplies at some near-by points. In other cases it has resulted in the merchants shipping parcel-post packages a short distance by freight, breaking bulk and sending the balance of the distance by mail in order to come within the 300-mile limit. This character of traffic has and will continue to grow by leaps and bounds. During the first 15 days of April, 1914, the Sacramento post office dispatched 81,970 pounds of mailable freight matter to points in the second zone. During the same period in 1915 they dispatched 158,112 pounds. During the last six months there has been handled by parcel post over a million pounds of freight via Tonopah alone, consigned to Round Mountain, Manhattan, and other interior points in Nevada located on star routes.

The reason why our short-line railroads are unable to establish a freight rate which can in any way compete with parcel post is due to the fact that our rates, on account of our extremely heavy operating costs and very low tonnage, are extremely high, and the Government pays the star routes in many instances more than they actually receive for the handling of the through shipment moving by the railroad and the star route. For example, the star-route contractor operating from Bartle to Aden, Cal., receives \$1.95 per 100 pounds. The star-route contractor operating from Yreka, a point on the Yreka Railroad, receives for a haul of 30 miles from Yreka to Etna Mills the

sum of 41 cents per 100 pounds; from Etna Mills to Sawyers Bar, a distance of 26 miles, \$1.95 per 100 pounds; from Etna Mills to Forks of Salmon, a distance of 43 miles, \$2.75 per 100 pounds, for which the Government actually receives as a parcel post rate for the through haul via rail and star route the sum of \$1.08 per 100 pounds. So you can see it is impossible for us to make a freight rate by which we can in any way compete with the parcel post. This condition is typical throughout the West, and for the benefit of the record I would like to file a statement showing the compensation allowed by the Government to some of the star routes operating beyond the railway terminals. In each case the Government receives a total compensation of \$1.08 per 100 pounds, the parcel post rate:

From—	To—	Distance.	Rate per hundred-weight.
		<i>Miles.</i>	
Redding, Cal.....	Weaverville, Cal.....	50½	\$2.10
Do.....	Knob, Cal.....	51	1.00
Gazelle.....	Etna Mills, Cal.....	40	1.00
Lewiston.....	Minersville, Cal.....	12	1.50
Burntrench.....	Junction City, Cal.....	44	1.75
Yreka.....	Dedrick, Cal.....	13	.60
Do.....	Etna Mills, Cal.....	32	.44
Etna Mills.....	Sawyers Bar, Cal.....	26	2.00
Weaverville.....	Hayfork, Cal.....	28	1.00
Do.....	Junction City, Cal.....	11	1.50
Callahan.....	Cedville, Cal.....	32	2.00
Nevada City.....	Downieville, Cal.....	44	1.25
Alleghany.....	Mountain House, Cal.....	8	1.50
Coleville.....	Gardnerville, Nev.....	34	1.00
Placerville.....	Grizzly Flat, Cal.....	26½	.85
Tres Pinos.....	Panoche, Cal.....	58½	1.25
San Benito.....	Tres Pinos, Cal.....	28	1.00
Raymond.....	Wawona, Cal.....	40	1.00
Do.....	Sugar Pine, Cal.....	35½	.75
Blythe Junction.....	Blythe, Cal.....	38	1.25
El Portal, via Yosemite.....	Camp Curry, Cal.....	15	.50
Hamburg.....	Happy Camp, Cal.....	30	1.25
Casadero.....	Mendocino, Cal.....	89½	1.25
Laytonville.....	Dovello, Cal.....	24	.60
Lakeport.....	Hopland, Cal.....	36	1.75
Sacramento.....	Plymouth, Cal.....	41	1.00
Michigan Bluff.....	Colfax, Cal.....	23	1.00
Nevada City.....	Graniteville, Cal.....	33	1.25
Blairaden.....	Downieville, Cal.....	40	1.00
Marysville.....	Camptonville, Cal.....	47½	1.00
Do.....	Laporte, Cal.....	61	2.00
Bartle.....	Adin, Cal.....	75	1.50
McDermitt, Nev.....	Willow Point, Nev.....	60½	1.75
Lovelock.....	Seven Troughs, Nev.....	33½	.75
Fallon.....	Wonder, Nev.....	61	1.00
Moapa.....	Littlefield, Ariz.....	52	2.00
Tonopah.....	Manhattan, Nev.....	53	.75

¹ Over 600 pounds.

² Over 50 pounds.

³ May 1 to Oct 31.

⁴ Nov. 1 to Apr. 30.

It is our contention, and we are supported in this by decisions of the State commissions as well as the Interstate Commerce Commission, that rates which would be fair in the East for express, freight, or passenger traffic, through a level, thickly populated country, where traffic moves in large volume, would be totally unfair in the West, where traffic moves in small volume through sparsely settled mountainous country under extremely heavy operating conditions. To illustrate the action of the Interstate Commerce Commission in this regard, I would call your attention to a rate of \$0.55 per 100 pounds on lumber from McCloud, on the McCloud River Railroad, to Mississippi River Valley common points. The Interstate Commerce Commission

authorized the division of 5 cents per 100 pounds to the McCloud River Railroad on this traffic for their haul from McCloud to Sisson, a distance of 17 miles. This division was allowed by the commission, taking into consideration the extremely heavy operating costs, while the division of the same rate to lines operating under entirely different conditions from the Missouri River to the Mississippi River, a distance of approximately 300 miles, is 6 cents per 100 pounds. Also, the Interstate Commerce Commission has established express rates in the United States as follows—almost 100 per cent higher in the West:

- Zone 1, northeastern section, 15 cents per 100 pounds for the first 50 miles.
- Zone 2, southeastern section, 18 cents per 100 pounds for the first 50 miles.
- Zone 3, trans-Mississippi section, 24 cents per 100 pounds for the first 50 miles.
- Zone 4, intermountain section, 28 cents per 100 pounds for the first 50 miles.
- Zone 5, Pacific coast section, 24 cents per 100 pounds for the first 50 miles.

This shows conclusively that there is absolutely no comparison between the operating costs of a road in the West, located as we are, and an eastern road, nor can a comparison be made of the rates in effect on trunk lines in the West as compared with the short lines. The California Railroad Commission established an interstate rate on lumber from McCloud to Sisson, a distance of 17 miles, of \$2.25 a ton, 11½ cents per 100 pounds, while the rate on the Southern Pacific for a similar distance is \$0.40 per ton, or 2 cents per 100.

On closed-pouch service as covered in the Moon bill, H. R. 10484, a 3-foot and a 7-foot unit is authorized. It is assumed that 6 feet 12 inches would have to be used before a 7-foot space would be authorized. The 3-foot unit, according to our interpretation, means a space 3 feet wide, 3 feet long, and 7 feet high on either side of the car aisle, or possibly the Postmaster General might construe it to mean 3 feet long over the entire 9-foot width of the car. Assuming that the Postmaster General would take our interpretation, we conducted a test weighing supported by pictures and an affidavit, which I would like to file for the record, showing that in spaces 3 feet long, 3 feet wide, and 7 feet high on either side of the car, that 44 sacks and 14 pouches of mail could be easily packed. These 58 sacks and pouches actually weighed 2,003 pounds.

(The papers referred to are here printed in full follow:)

AFFIDAVIT IN REFERENCE TO WEIGHING OF UNITED STATES MAIL.

STATE OF CALIFORNIA,

City and County of San Francisco, ss:

D. M. Swobe, of the city of Berkeley, county of Alameda, State of California, and Clarence M. Oddie, of the city and county of San Francisco, State of California, being duly sworn, each for himself deposes and says:

That on Thursday, February 24, 1916, between the hours of 8.30 a. m. and 10.15 a. m. of said day, he was at the Oakland mole in Oakland, Cal., the western terminus of the Southern Pacific Railroad; that at said time and place, and under the direction of officials of the Southern Pacific Co., in the presence of your affiants, the following events took place:

A standard baggage car marked "Southern Pacific Baggage Car 6423," such car your affiants believe to be similar to those regularly employed for the transportation of storage mail for the United States Government, was at said time and place upon a side track to the north of the said Oakland mole; that sacks and pouches of regular postal matter waiting to be loaded on train No. 20 of the Southern Pacific Railroad for Chicago, Ill., and intermediate and other points, and due to leave the said Oakland mole at 10.47 a. m. on said day, were placed inside of said car as follows:

A space 3 feet in car length was marked off on each side of a center aisle of said car and temporary stanchions were erected at each end of said spaces on each side, and

within said stanchions were placed a total of 44 sacks and 14 pouches of postal matter, equally divided on each side of said aisle, with the open end of said pouches facing the said aisle and packed on each side of said aisle to a height of about 7 feet. Said sacks and pouches were fairly selected at random from truck loads of the same waiting, as aforesaid, to go out on said train No. 20. The stacks of sacks and pouches referred to were then photographed in the form the same were piled in said spaces in said car, a copy of said photograph showing the two stacks being hereunto attached and referred to and made a part hereof and marked "Exhibit A." A nearer view of one of these stacks was also photographed, a copy of said photograph being hereunto attached and referred to and made a part hereof and marked "Exhibit B."

The said 58 sacks and pouches were then carefully weighed in our presence, the weight of the same aggregating 2,003 pounds. Said 58 sacks and pouches were then loaded on two hand trucks close to said car and photographed, a copy of said photograph being hereunto attached and referred to and made a part hereof and marked "Exhibit C."

Your affiants believe that the first-mentioned method of loading postal matter truly represented the average weight of ordinary sacks and pouches of postal matter that are tendered to the railroads by the Post Office Department and United States Government to be transported, and that the same truly represents an average weight of such matter as can be loaded into 3 linear feet of standard car length in accordance with the provisions of section 17 of H. R. 10484 for closed pouch service, and as such matter would be loaded in baggage cars in accordance with the provisions of said section 17 of said act, as appears on page 38, lines 8, 9, and 10 of said act.

Said standard Southern Pacific baggage car was actually measured by your affiants and was found to be 9 feet 1 inch wide. The said sacks were piled to a height of 7 feet.

Dated at San Francisco, Cal., this 25th day of February, 1916.

S. W. SWOBE.
CLARENCE M. ODDIE.

Subscribed and sworn to before me this 7th day of February, 1916.

[SEAL.]

HENRIETTA HARPER,
*Notary Public in and for the City and County
of San Francisco, State of California.*

STATE OF CALIFORNIA,
City and County of San Francisco, ss:

I, H. I. Mulcrevy, County Clerk of the City and County of San Francisco, and ex-officio Clerk of the Superior Court thereof, the same being a court of record, having by law a seal, the officer authorized by the laws of the State of California to make the following certificate do hereby certify that Henrietta Harper of the city and county of San Francisco, whose name is subscribed to the annexed instrument and thereon written and before whom the annexed oath or affidavit was taken, was at the time of taking such oath or affidavit, a notary public in and for the said city and county of San Francisco, residing in said city and county, duly authorized to take the same, and an officer duly authorized by the laws of said State to take and certify the acknowledgment and proof of deeds to be recorded in said State. And further that I am well acquainted with the handwriting of such officer, and verily believe that the signature to such jurat or certificate is genuine.

In testimony whereof, I have hereunto set my hand and affixed the seal of said court at the city and county of San Francisco, March 9, 1916.

H. I. MULCREVY, *Clerk.*

As we are moving cement in large quantities by parcel post, we asked the Pacific Portland Cement Co., of San Francisco, how much cement could be reasonably packed in two sections 3 feet wide, 3 feet long, and 7 feet high, and they advised us that 8,930 pounds could be reasonably packed in that space, for which the McCloud River Railroad under the Moon bill, H. R. 10484, would receive $1\frac{1}{2}$ cents per mile for 36 miles from Sisson to Bartle, or 54 cents for this service, exclusive of the 25 cent terminal allowance for single trip, or $3\frac{1}{4}$ mills per ton mile; this giving passenger service subject to deduction on account of mail failures. The legal freight rate on

EXHIBIT A.



FORTY-FOUR SACKS AND 14 POUCHES, A TOTAL OF 58 SACKS OF POSTAL MATTER PACKED TO A HEIGHT OF ABOUT 7 FEET IN A 3-FOOT UNIT OF CAR LENGTH.

EXHIBIT B.



A NEARER VIEW OF ONE OF THE SAME STACKS OF POSTAL MATTER AS SHOWN IN EXHIBIT A.

EXHIBIT C.



THE TOTAL OF 58 SACKS, AGGREGATING 2,003 POUNDS, LOADED ON TWO HAND TRUCKS.

cement, fourth class, from Sisson to Bartle is \$0.29 per 100 pounds. Thus, on 8,930 pounds we would receive \$25.19, or 16 cents per ton per mile—this handled at our own convenience, being consolidated in freight cars with other less-than-carload shipments, and on such cars we would receive a total revenue on from 20,000 to 60,000 pounds. In other words, the mail pay under the Moon bill, H. R. 10484, on cement would pay us $3\frac{1}{2}$ mills per ton-mile, where the same commodity handled under our legal freight rate would give us 16 cents per ton per mile.

The California Fruit Cannery Association advise that the weight of canned goods that could be packed in two sections, 3 feet wide, 3 feet long, and 7 feet high, would amount to 5,192 pounds, for which we would receive, as outlined above, $1\frac{1}{2}$ cents per mile from the Government under the Moon bill, H. R. 10484, exclusive of the 25 cents terminal charge for a single trip, or 54 cents for the 36 miles from Sisson to Bartle, or 6 mills per ton per mile. The legal freight rate on canned goods from Sisson to Bartle is 31 cents per 100 pounds, or on 5,192 pounds, we would receive \$16.10, or 17 cents per ton per mile. This, as I have stated before, handled at our own convenience, consolidated with other less-than-carload shipments, while for this commodity moving as mail on passenger trains, we would receive 6 mills per ton per mile, and moving by freight we would receive 17 cents per ton per mile.

The Sperry Flour Co. advised that two spaces, 3 by 3 by 7 feet would hold 4,500 pounds of flour, for which we would receive, when handled by mail, 6 mills per ton per mile, and by freight, 31 cents per 100 pounds, and on 4,500 pounds we would receive \$13.95 or 17 cents per ton per mile.

The San Francisco Stevedores' Association advise 6,300 pounds of sugar could be packed in this space. And so on we could go through the entire western classification and make similar comparisons.

I would like to submit three pictures, showing the character of mail matter which we are handling on the McCloud River Railroad. [Photographs exhibited.]

Mr. SWOBE. You will note one of these pictures shows sacks of salt put up in the standard-weight sack used in the West, and I would call your attention to the fact that if two of these sacks moved by freight we would receive our minimum freight rate of \$0.25, which would come within 4 cents of what we would receive for the handling of 3 tons of the same commodity by mail at the rates provided in the Moon bill, H. R. 10484.

Assuming that there could be only 1 ton packed in the space under the 3-foot unit—and I would here like to call your attention to the fact that if the Postmaster General construed the 3-foot unit to mean a space 3 feet long over the entire 9-foot width of the car—it would add one-half more to the figures set forth hereinbefore. But assuming that we handled only 1 ton of parcel-post matter in the 3-foot unit, although we have proved that much greater weight could be so packed, we would receive $1\frac{1}{2}$ cents per ton per mile, exclusive of the terminal allowance for transportation of the same by mail at the rates provided in the Moon bill, H. R. 10484.

The Pacific & Idaho Northern Railway receives the following rates per ton-mile on less-than-carload shipments moving by freight—

	Classes.			
	1	2	3	4
Pacific & Idaho Northern.....	<i>Cents.</i> 18	<i>Cents.</i> 15.3	<i>Cents.</i> 12.6	<i>Cents.</i> 10.6
The Yreka Railroad receives.....	15	12	10	9
The Trona Railway receives.....	27.3	24.6	20	17.3
The McCloud River Railroad receives.....	27.58	24.07	22.35	20

and our division on lumber moving in carload lots for 17 miles is 5.88 cents per ton-mile.

The Sierra Railway Co.'s average rate per ton-mile: Classes 1, 13.1 cents; 2, 12.31 cents; 3, 11.53 cents; 4, 11.9 cents.

The Pajaro Valley Consolidated Railroad on consolidated first four classes receives 21.27 cents per ton-mile.

The Lake Tahoe Railway & Transportation Co.'s less-than-carload rates average 33½ cents per ton-mile.

So you can see that the rate per ton-mile paid by the Government for handling freight on passenger trains is far below that which we receive for the handling of the same commodities by freight-train service. We have shown that our conditions are absolutely different in the West than in the East and that a western road receives universally higher rates than a road in the East. We have also shown that a short line in the West is entitled to greater compensation for its service than a trunk line in the West. On account of the fluctuations in the amount of mail matter which we are handling on the space basis, it would be necessary to be continually changing the authorization, while on a weight basis we would be paid for what we actually carry.

Under such conditions fronting us in the West, we believe that the only fair method of adjusting pay for the handling of the mail would be on the actual weight carried. This character of traffic could be weighed by our agents, precisely the same as they weigh our freight, and our agents could be put under oath by the department. Our compensation for this service, as I think we have shown, should be higher than allowed to Eastern roads, or to the trunk lines in the West, and it should also be sufficient to offset the loss which is sustained on account of the diversion of this traffic from the freight channels, for which we formerly received a reasonable compensation.

We believe that as long as the Interstate Commerce Commission has jurisdiction over our express, freight, and passenger rates, and as long as the Government has undertaken to go into the freight business, that the same commission should have jurisdiction over the amount of pay we should receive for the handling of this character of traffic.

Most certainly every railroad in the United States would not have taken such an active interest in this matter unless they were thoroughly convinced that the space basis of pay under the present conditions—which are not the conditions which existed at the time of the report of the Bourne Commission—is impractical, and therefore

it is the contention of the roads in the West that the Phelan bill, S. 4175, comes nearer to solving this question than any bill that has been presented. As you are aware, this bill allows additional compensation for the short lines of the West, and also carries a provision that if the Postmaster General contends that a road is overpaid for the handling of the mails he has the right to appeal to the Interstate Commerce Commission, which would have the authority to establish a reasonable rate, and the same privilege is allowed the carriers, if they feel that they are underpaid.

Under this bill it would be possible for the short lines of the West, who are gradually being forced into receivers' hands on account of existing conditions, to go before the Interstate Commerce Commission for an adjustment of their mail revenues, and the commission would be in a position, having all the facts, to compare their mail pay with the pay which they are receiving, or would receive, for such commodities moved by freight. We earnestly request this committee in reporting this bill out to give thorough consideration to the deplorable conditions confronting the Western roads.

Senator HARDWICK. Why should that be true about any one railroad and should not be true about all of them?

Mr. SWOBE. As I say, our conditions in the West are entirely different from those in any other section of the country.

Senator HARDWICK. I do not know about that. I do not know whether it is any different from what it is in the South.

Mr. SWOBE. We have star routes in the West, running all through that country, and we have to reach out to get business. There is seldom sufficient business along the line of a short line railroad to justify its construction. We must reach out into the interior for business.

Senator HARDWICK. Those conditions are more or less duplicated in the South—in parts of the South at least.

Mr. SWOBE. All I know about it is what the short-line railroads of the South tell me. I am not familiar with that part of the country. But it is so in the West.

Senator HARDWICK. I was speaking—we can not have a rule about such a thing applicable only to that part of the country.

Mr. SWOBE. The Interstate Commerce Commission has established rates, recognizing that fact. They have done that in establishing rates in the express case recently. They allowed line rates in the East of 15 cents, while in the West they allow us 28 cents for the same service.

Senator HARDWICK. But they do not do it geographically. They do it by classification, do they not?

Mr. SWOBE. No. They have drawn a line across the country, and have said that west of that line the rates shall be 28 cents, and east of it shall be 15 cents. They have divided the country into different sections.

Now, the Interstate Commerce Commission has allowed the McCloud River Railroad for handling lumber from McCloud, Cal., to Mississippi River points, a 55-cent rate—they allowed the McCloud River Railroad 5 cents per 100 pounds for our haul, after investigating our operating conditions; they allowed the lines from the Missouri to the Mississippi River, a distance of 300 miles, 6 cents per 100 pounds out of that same rate, which shows there is absolutely no comparison between the two territories.

The State Commission in California has established a rate for the McCloud-Sisson distance, 17 miles, of \$2.25 a ton, while the rate in effect on the Southern Pacific for a similar distance is 40 cents a ton. So our operating conditions can not be compared with that of a main line.

The CHAIRMAN. We will hear you now, Mr. Oddie.

**STATEMENT OF MR. CLARENCE M. ODDIE, GENERAL COUNSEL
NEVADA CENTRAL RAILROAD AND SECRETARY WESTERN
ASSOCIATION OF SHORT-LINE RAILROADS, SAN FRANCISCO,
CAL.**

MR. ODDIE. Mr. Chairman and gentlemen, I appear before you again, representing the Western Association of Short-Line Railroads and the Nevada Central Railroad, as I had the honor of doing a year ago, to present our views of this matter on certain phases of the question differing from those presented by Mr. Swobe, the president of the association.

Prior to the time that the executive order of the Postmaster General increasing the weight of parcel-post packages in the second zone to 50 pounds came into full working order, the short-line railroads under the then existing conditions were generally satisfied with the present law pertaining to their compensation for mail carrying, at which time no commodities in large quantities moved by mail. Under the law, however, there are, of course, several provisions which we believe to be unjust to us and that we strongly urge should be changed.

First, we desire an annual weighing of mails.

Second, relief from side and terminal service.

Third, pay for apartment-car space of the smaller lengths at the same pro rata rate that is now paid for full railway post-office cars.

These three provisions have been discussed so much before this committee, and seem to be so generally admitted to be just and reasonable, that I will not say more about them.

When the parcel-post law went into effect, with its attendant increase in postal matter carried by the railroads, an immense tonnage of freight commenced to move by mail, all after the 1914 weighing in the fourth contract section. We believe we have already demonstrated to this committee the competitive conditions that exist with us in the West, whereby the Federal Government is actually taking away a large part of the best paying freight business from the railroads, for which it does not pay the railroads a cent to transport, and is itself losing hundreds of thousands of dollars in the carrying on of this sort of business in the Western States alone.

To illustrate what I mean by that statement, I would say that in that undeveloped country there is a great tonnage of matter moved by star routes, where the star route is a continuation of the rail mail route; and as stated previously to the committee, when the wagon haul from the end of a railroad line into the mountain districts costs the shipper more than the through parcel-post rate, it is natural that he will send the goods by parcel post, in order to gain that advantage.

As Mr. Worthington stated, in the Western States we have tried to find out whether or not this parcel-post tonnage business had

benefited the consumer, but we have found that the main shippers of these commodities have been storekeepers and wholesale and retail merchants generally, who have not reduced prices even though it costs them less than formerly to ship in their goods.

Now just pointing to a few of these rates, here is one from Redding, Cal., to Weaverville, 50 miles, the lowest wagon rate per hundred pounds is \$2.10, as against \$1.08 per hundred pounds by parcel post. This list has been filed in the record, so I will not take the committee's time to read it.

When these various investigating commissions recommended a space basis of pay for mail carrying, they did so under entirely different conditions than those existing at the present time—at least so far as the western country is concerned. A number of railroad men in charge of the smaller roads of the West, who received inquiries from and supplied information to the Bourne joint committee about this question, have emphatically stated to me that their replies would have been very different had conditions been as they are now.

Senator HARDWICK. What is the difference, the parcel post business?

Mr. ODDIE. Yes, sir; the parcel post brought about entirely revolutionary conditions, due to the development of the heavy freight business carried on by the Government under the guise of mail matter. This situation had never been presented to the House Committee on Post Offices and Post Roads, as it did not exist at the time they were giving hearings on this subject, so our association was given a hearing in January last, and four representatives appeared before the committee. At no time, to my knowledge, was a quorum of the committee present, due to the pressure of other business, and yet the bill which was decided on, we were informed, was reported out of the committee the second day after the hearings closed, and before the testimony adduced at the hearings was printed and in the hands of the nonattending members.

During the course of the debate in the House it became apparent that there was an entire misconception among the members of the House Committee on Post Offices and Post Roads as to the effect this bill would have on the short-line railroads of the West; and that misunderstanding on their part apparently caused Members of the House to see things in a different light than they would have otherwise seen them.

This is an extremely technical question, and when a Member of Congress not on the Committee on Post Offices and Post Roads asks for information and is told that everything has been provided for in connection with the short line railroads of the West, he is apt to be misled, as I will show in numerous instances by reference to the Congressional Record, as follows:

On page 3655, right-hand column, bottom of the page, in answer to a question by Mr. Raker, of California, about the short-line railroads of the West, Mr. Moon answered as follows:

* * * it will happen clearly that additional compensation will come to every one of the railroads under this bill over that provided in the present law. It also will happen that as to some of the short-line railroads, particularly where they make very frequent trips—as the proof shows in this case, a little road in Tennessee and North Carolina will be getting three times as much as it ought to have, the Postmaster General might correct that by an order directing the mail be carried twice instead of three or

four times a day—it will also happen, beyond question, in the striking of these averages that some of the short-line railroads—and most of the roads beyond the Rocky Mountains are short-line roads—will not get full and adequate compensation under this bill. They will get, however, more than they are getting now, while it will not be full in some instances. * * *

And again Mr. Moon stated on page 3656 of the Record, left-hand column:

* * * The general provision of the bill is to fix a maximum rate which, as I said, the statisticians of the Interstate Commerce Commission and the department say will give a better rate to all roads—long lines and short roads—than under the present law; but inasmuch as some of the railroads are short-line railroads and will fall below the average of the rate by reason of their condition—the length of the line, the infrequency of their trips—they will in some instances get less under this bill than they ought to have, still it is more than they get under the present law.

And again, on page 3656, left-hand column, bottom of the page:

Mr. MOON. If a short-line road thinks it is not getting enough—and I want the gentleman to bear in mind they are getting more under this provision than they have heretofore gotten * * *.

I will read one more illustration. This is by Mr. Taylor, of Colorado, appearing on page 3656 of the Congressional Record:

Mr. TAYLOR. Does the gentleman mean to say they will get more under this provision than they are now getting? Will they get an increase of pay for the same amount of service?

Mr. MOON. The same amount of service. They will get more under this bill than they are getting under the law now.

Again, on page 3728, left-hand column:

Mr. MOON. * * * I think taking the additional rate, mileage, pouch pay, initial and trip terminal charges, and all, most of the little roads will get more than they are getting now, but still some of them will not get as much as they ought to, perhaps * * *.

And again, on page 3728:

Mr. MOON. * * * but still some of them will not get as much as they ought to * * *.

On page 3728, right-hand column:

Mr. HARRISON. The gentleman stated that in most instances these short line roads would get more under this bill than under the old bill?

Mr. MOON. Yes.

Mr. HARRISON. The gentleman evidently has some figures on that. Could the gentleman state definitely as to about how much more, on an average?

Mr. MOON. No; it depends upon conditions * * *.

On January 28th last, at our request, Senator Phelan wrote a letter to the Second Assistant Postmaster General, asking him to compute the rate of pay which certain short-line railroads of the West would receive under the Bourne bill of last year, which computation was made—

Senator CATRON (interposing). Was that on the space basis?

Mr. ODDIE. On the space basis, and under the method prescribed by the Moon bill (H. R. 10484). There are certain changes in that bill which will raise the terminal rates for certain of the roads, but only for those giving larger apartment-car space than the usual short-line road gives. Most of them are closed pouch routes.

Here are the letters bearing on the figures to follow (reading):

JANUARY 28, 1916.

Hon. OTTO PRAEGER,
Second Assistant Postmaster General, Washington, D. C.

DEAR MR. PRAEGER: This letter will introduce Messrs. D. M. Swobe, vice president and traffic manager of the McCloud River Railroad, and Mr. Clarence M. Oddie, general counsel of the Nevada Central Railroad, who are president and secretary, respectively, of the Western Association of Short Line Railroads.

They desire to have the amount of mail pay for each individual railroad in the list inclosed computed on the rates provided for in Senate bill 6405, Sixty-third Congress, second session, based on the weighing of postal matter carried by such railroads as obtained in 1914.

Both these gentlemen are from San Francisco, and as this is a matter of importance to them, requiring the information desired by 11 o'clock to-morrow, Saturday, Senator Phelan would be greatly obliged by your prompt compliance with their request.

Yours, very truly,

JOHN S. IRBY, *Secretary.*

FEBRUARY 10, 1916.

Mr. CHARLES H. MCBRIDE,
Care of Second Assistant Postmaster General, Washington, D. C.

DEAR MR. MCBRIDE: In the two lists of railway mail pay computation which you very kindly prepared for me some of the short-line railroads of the West were omitted. I will greatly appreciate it if you will have the mail pay figures, as in the other lists, made for the following roads: Lake Tahoe Railroad & Transportation Co., Nevada Northern Railway, Ocean Shore Railroad, San Diego & Southeastern Railroad, Virginia & Truckee Railway, Tonopah & Goldfield Railroad, Las Vegas & Tonopah Railroad.

It is very important to us to have these figures at as early a date as possible, and I will appreciate it, and I am sure Senator Phelan will also, if you can get the figures on the above-named roads to me at the earliest possible moment.

With very kind regards, I beg to remain,

Very truly, yours,

CLARENCE M. ODDIE.

POST OFFICE DEPARTMENT,
SECOND ASSISTANT POSTMASTER GENERAL,
Washington, February 16, 1916.

Mr. CLARENCE M. ODDIE,
*Secretary, Western Association of Short Line Railroads,
Mills Building, San Francisco, Cal.*

SIR: In response to the request contained in your letter of the 10th instant for information as to the compensation which will be received under the provisions of the railway mail pay section of the Post Office appropriation bill by the roads named in your letter, I am transmitting herewith a statement giving the estimate desired, which I trust will answer your purpose.

Very respectfully,

OTTO PRAEGER,
Second Assistant Postmaster General.

Mr. ODDIE. Now I will just cite a few examples. I will read the present pay of the roads first and the pay under the bill H. R. 10484:

The following figures which I present were prepared under direction of the Second Assistant Postmaster General, Otto Praeger, at request of Senator Phelan of California. They serve simply as a sample, as the balance run on the same ratio.

Name of railroad.	Present pay.	Pay under H. R. 10484 basis.
REDUCTIONS.		
Amador Central R. R.	\$1,267.11	\$344.78
Arizona & New Mexico Ry.	9,888.98	1,336.42
Holton Inter Urban Ry.	1,410.49	1,239.70
California Western Ry. & Transportation Co.	4,102.15	624.01
McCloud River R. R. (not adjusted)	8,800.00	935.05
Nevada, California, Oregon Ry.	31,014.95	22,078.38
Nevada Central R. R.	5,110.84	602.61
Nevada County Narrow Gauge.	2,620.42	1,413.56
Pacific & Idaho Northern Ry.	9,379.55	7,898.24
Ray & Gila Valley Ry.	9,427.56	254.55
Spokane International Ry.	16,102.84	13,582.61
Sumpter Valley Ry.	11,505.66	8,439.53
Uintah Railway Co.	8,055.38	3,481.08
Centralia Eastern R. R.	494.19	265.05
Great Southern R. R.	4,768.01	544.03
Idaho Southern R. R.	1,015.31	442.57
Lewiston, Nez Perce & Eastern.	1,842.37	581.18
Colorado, Wyoming & Eastern.	6,206.61	602.63
Crystal River & San Juan Ry.	8,614.38	265.33
Mount Hood R. R. Co.	1,031.43	427.12
Nevada Copper Belt R. R.	2,688.69	1,411.31
Pacific Coast Ry. Co.	495.50	309.52
San Joaquin & Eastern R. R.	386.46	241.39
Stockton Terminal & Eastern R. R.	776.76	654.23
Tonopah & Tidewater R. R.	9,963.41	1,742.47
Yosemite Valley R. R.	10,136.93	8,262.87
San Louis Southern Ry. Co.	1,500.08	525.56
Lake Tahoe Railway & Transportation Co.	616.40	145.23
Las Vegas & Tonopah R. R.	11,321.96	2,012.53
Nevada Northern Ry.	16,536.38	7,508.53
Ocean Shore R. R.	3,369.94	2,114.28
San Diego & South East R. R.	3,257.53	2,500.60
Tonopah & Goldfield R. R.	13,261.39	4,975.97
Virginia & Truckee Ry.	7,415.70	5,206.87
Colorado & Wyoming Ry.	1,879.05	1,789.12
Oregon Pacific & Eastern Ry.	868.68	347.30
Yreka R. R.	874.16	722.34
Total	204,707.76	115,086.68
INCREASES.		
Central Railroad of Oregon	619.98	793.52
Columbia & Puget Sound R. R.	2,814.10	5,669.82
Sierra Railway Co. of California	8,262.59	9,544.83
Independent & Monmouth R. R.	121.78	783.36
Nevada Short Line R. R.	473.24	520.89
Pajaro Valley Consolidated R. R.	320.16	580.21
Ventura County Ry.	256.60	673.88
Washington, Idaho & Montana Ry.	3,055.35	3,004.55
Denver, Laramie & Northwestern R. R.	549.33	554.32
Total	16,473.03	22,125.38

REDUCTIONS.

Present pay	\$204,707.76
Pay under H. R. 10484 basis	115,086.68
Reduction of about 45 per cent for 37 western short line railroads	89,621.08

INCREASES.

Pay under H. R. 10484 basis	22,125.38
Present pay	16,473.03
Increase of about 25 per cent for 9 western short line railroads	5,652.35

Mr. ODDIE. This, gentlemen, shows the effect of H. R. 10484 on 37 western short-line railroads under this bill. They will lose nearly \$90,000 per year by direct reduction in their mail revenue, and in addition thereto their freight revenues will be depleted on account of the large tonnage of various commodities that under the present law and regulations of the Post Office Department are moving by parcel post.

Senator McLEAN. The proposed rates are the rates estimated by the department?

Mr. ODDIE. Yes; by the department. Furthermore, if the western short-line railroads were now being paid for the average weight of mail they are actually carrying at the present time, they would receive far more than allowed them on the basis of the 1914 weighing, and yet the Moon bill, H. R. 10484, would in no instance, even considering the weight of postal matter now being carried, we believe, permit of a greater sum being paid to these railroads than the estimate of the Post Office Department already mentioned, based on the 1914 weighing. This would naturally result in the loss to the railroads being much greater per year than the sum of \$90,000.

Mr. Swobe yesterday filed for the record an affidavit and some pictures of a test weighing which we conducted, and we are satisfied without any doubt at all of the average weight of postal matter that can be packed in a 3-foot space. For this test weighing we took at a random selection 58 sacks and pouches of mail, averaging 34 pounds a piece, and after weighing them there happened to be a little over 2,000 pounds. That was in that 3-foot space.

Senator VARDAMAN. Was that across the whole car?

Mr. ODDIE. No; leaving an aisle space about 3 feet wide [showing photograph]. For that unit, under this bill, H. R. 10484, the railroad would receive $1\frac{1}{2}$ cents per mile of haul, plus 50 cents for round-trip terminal pay and 25 cents for a single trip. I will refer to that a little bit later.

Nine of these short-line railroads from this computation will receive a slight increase of pay under this bill. Their total pay under the present basis is \$16,473.03, and under the Post Office appropriation bill, H. R. 10484—the Moon rider—it will be \$22,125.38, showing an increase of about 25 per cent.

Chairman Moon on the floor of the House in the debate stated that where these short line railroads give a frequent service, that the Postmaster General would without doubt not authorize the carrying of mail on each train over the line. If that occurred, it would cause an impairment in the Postal Service and consequent reduction of the mail pay of the railroads.

The Nevada Central Railroad, which I represent, is so severely affected by this bill that I will give a few figures which I believe will be in point at this time. This railroad is 93 miles in length and connects with the Southern Pacific line at Battle Mountain, Nev., a point approximately 480 miles east of San Francisco. The country it traverses is practically an entire desert, and the only business that still survives is that tributary to a limited ranching country and to a few small mining centers. The holders of \$750,000 in bonds, which represent the funded debt of this road, have received since the construction of the road in 1880 a net total amount of \$15,000 in interest.

Senator MARTINE. How much stock has your road?

Mr. ODDIE. Three-quarters of a million of stock. It has never received a cent in dividends. The expenses include only actual minimum operating costs, with the general expenses kept at a minimum. It is not contended that the financial condition of this small railroad has any bearing on the mail pay question as a whole.

Senator MARTINE. It is a single track road, of course?

Mr. ODDIE. Yes; narrow gauge; but there is one feature in point under the Moon bill, H. R. 10484, and that is this: From the figures prepared by the Second Assistant Postmaster General our present

mail pay would be reduced about \$4,500 per year. The margin of net profit accruing through the operation of this road is so slight that to reduce the mail pay that amount would cause the railroad to actually operate at a loss; and if operated at a loss it would not continue to exist for any great length of time. The owners would without question abandon the line.

At the present time one round-trip steam train per week is operated with supplemental motor-car service three times per week for carrying passengers, and the other two times for carrying parcel-post tonnage that now amounts to about three times the average daily weight of mail ascertained at the 1914 weighing.

Under the provisions of this bill, for a 3-foot unit, the pay for mail carrying on this road would be \$1.67 per trip of 94 miles. At the present time we receive about \$8 per trip. The railroad is now permitted, under authority of the Nevada Railroad Commission, to charge \$9 per passenger for this distance. It does not seem as if these figures require further comment.

In view of the fact that we have proved to our satisfaction that any weight under a ton of ordinary postal matter can be placed in a 3-foot space, the Nevada Central would receive pay at the rate of 1½ cents per ton-mile for mail service, exclusive of the terminal charge, which it is assumed is sufficient for terminal services.

At the present time the tariff rates, all approved by the Railroad Commission of Nevada, are 20 cents per ton per mile for first, second, third, and fourth class freights in less-than-carload lots.

Commodities in carload lots pay as follows:

Canned goods, flour, sugar, 12 cents per ton-mile.
Iron, iron pipe, and machinery, \$0.11 per ton-mile.
Lumber, \$0.10 per ton-mile.
Salt, sulphur, sheep dip, \$0.07 per ton-mile.
Blacksmith coal and cement, \$0.06 per ton-mile.
Coal and scrap iron, \$0.03 per ton-mile.
Ore, \$20 to \$100 ton valuation, \$0.02 to \$0.05 per ton-mile.

All as compared with 1½ cents to be paid by the Government for postal matter in less-than-carload lots and handled on passenger trains.

The excess-baggage rate, which is the service most nearly approaching mail service in character, is \$1.50 per hundred pounds. This rate is allowed by the Nevada State Railroad Commission and figures out slightly over 32 cents per ton per mile. United States mail carried in the same car and handled in the same way would pay 1½ cents per ton per mile.

It has been stated by members of the Senate and House Committees on Post Offices and Post Roads that the railroad representatives do not present figures to justify an increase in mail pay or to prevent a reduction. We believe it is admitted that the cost can not be arrived at with any degree of accuracy. Nevertheless, the short-line railroads of the West, because of their peculiar conditions, are fully justified, we believe, in their contention that they are generally underpaid for mail service, the strongest arguments being the findings of the various commissions and admissions by the advocates of the space basis that all the railroads of the country are generally underpaid.

We can again refer at this point to the statement of Chairman Moon, already quoted above, in which he repeatedly says that the short-line railroads of the West are underpaid at the present time, and also to

the statement Mr. Madden made on the floor of the House, appearing in the record at page 3739, right-hand column, as follows:

I think the consensus of opinion thought the country to-day is that the railroad companies are not being paid too much for moving the mails.

And by Mr. Beakes, a member of that committee, whose remarks appear on page 2776 of the record, as follows:

* * * In 1898 a congressional commission, known as the Wolcott-Loud Commission, was appointed, which reported that in their opinion the amount paid the railroads was not excessive.

Both of the above-named gentlemen are warm advocates of the space basis as expressed by H. R. 10484, so we can not assume from their words that they believe that this bill will reduce the mail pay of the railroads, as, without exception, the advocates of this bill, in speaking on the floor of the House, stated that they did not desire to do the railroads of the country an injustice. So we again come to the conclusion that they had no idea that H. R. 10484 would have the disastrous effect upon the short-line railroads of the West which we have shown we believe that it would have.

Mr. Madden stated on the floor of the House on February 11 last, as appears on page 2733 of the record, left-hand column, that under the present compensation the railroads are getting 10.17 cents per ton-mile for mail carrying, and that under H. R. 10484 they would receive 12.17 cents per ton-mile. The figures already quoted again show that Members of Congress were not apparently aware of the real effect of H. R. 10484.

He also stated, as appears on page 2731 of the record:

* * * There were 227,000 miles of American railroads out of 250,000 represented at these hearings. They talked for three days. They presented their case. They analyzed the conditions. They said that they were not well paid; that they did not believe in space. They believed that the adoption of the space plan would take away from the railroads some of their high-class freight; that it would be sent by mail instead of by freight; and that the adoption of the space plan would enable the loading of storage cars with 20 tons of mail matter, whereas the average load on a storage car now is but 7½ tons. But, if anybody would stop to think, while the capacity of a storage car is 20 tons, it would be impossible to load the storage car with 20 tons of matter unless it was solid matter, like books. * * *

And again, on page 3655 of the Record, left-hand column, the following appears:

Mr. FESS. I wish to ask about the statement that a ton and a half would be paid for to-day in weight, but that if it was paid for by space you might have 20 tons in the car and pay no more than the payment for but 1½ tons.

Mr. MADDEN. That is absurd. Everybody knows that where a car has a capacity of 20 tons, but it is carrying 7½ tons to-day—not a ton and a half, but 7½—you can not load 20 tons into the car unless you can load compact stuff, like bricks or books, or something of that sort. The gentleman must know that if they loaded straw hats into the car they would not have 2 tons in the car when it was loaded to its full space capacity, and there would not be one car in every hundred that could be loaded to its full capacity.

Mr. Swobe gave some figures to the committee yesterday in reference to the weights of various commodities that could be placed in a 3-foot unit. From his figures it can be readily calculated that the following weights of commodities can be packed in a 60-foot storage car:

Cement, 89 tons; sugar, 63 tons; canned goods, 52 tons; flour, 45 tons.

It will be noted that the above weights exceed the capacity of any car, and without doubt the Post Office Department would not find it advisable to in any case exceed the car capacity; so, under the provisions of section 16 of H. R. 10484, on page 41, lines 15, etc., the Postmaster General, if in his judgment he deemed it necessary, could order cars of greater capacity than those at present in use and enforce a fine against the railroad for refusal to supply the same.

When in the future the short-line railroads, with limited equipment, are called upon to furnish cars for these extra-heavy weights of parcel post matter, without doubt, under this bill the time might come when their present equipment would be inadequate, and simply in order to carry this freight matter on passenger trains they would have to discard the cars of ample capacity that they have in use at the present time.

At page 41 of the bill, lines 9 to 14, it is provided that the Postmaster General is authorized to make special contracts with railway companies for the transportation of the mails when, in his judgment, the conditions warrant the application of higher rates than those in the bill. From past experience we believe that this provision would be practically inoperative, although it appears that it was placed in the bill largely to help out conditions of the short-line roads of the West and South.

The Post Office Department has long known that an immense tonnage of various commodities was being shipped by parcel post, and yet no adequate provision was made to put a stop to the same; and on the floor of the House Mr. Steenerson in this connection, as appears on pages 2750 and 2751 of the record, remarked as follows:

* * * I say, and I have said to the Post Office Department officials when they came before the committee, that they ought not to bring that kind of a grievance before Congress, because it is a matter of administration and not of legislation. There was authority in the department, where an injustice was done by reason of an executive order made by them, to reweigh the mail anywhere in the United States, and Mr. Stewart, the former Second Assistant Postmaster General, admitted it, and you will find it in the last page or two of the hearings.

When new Railway Mail Service is authorized by the department under the present law, it has been the practice for years to pay for the same at the minimum rate of \$42.75 per mile per annum until the next quadrennial weighing. Many instances have come to my notice where it was apparent to the Post Office Department that the amount of mail matter carried on a new railroad justified a rate two and three times the sum of \$42.75, but in no case has the department given such railroad a reweighing of the mails.

I believe it is well known to those who have followed post-office affairs that a provision existed in the law some years ago whereby the Postmaster General was permitted to pay bonuses to the railroads for expedited mail service. It may be recalled that the exercising of such discretionary power resulted in allegations of discrimination and favoritism, which ultimately caused the Postmaster General then in office, so I have been informed, to resign. If the provision appearing on page 41 of the bill should become a law, would not similar situations arise?

We believe, further, that such discretionary power would be the cause of so many appeals being made to the Postmaster General for additional compensation that the ultimate result would be that no

increase for this service would be allowed anywhere, with the possible exception of a few cases where failure to allow an increase would result in the refusal of the railroad to carry mail and the establishment of a competitive star route by the Post Office Department paralleling the railroad, for which the Government would have to pay a higher rate than the railroads would perform better service for.

This question is of a technical nature, and has been exhaustively studied for years past, and yet after this vast amount of study the joint commission recommended a bill in which it appeared, through an inadvertence, that the extreme conditions of certain of the small roads of the West were not taken into consideration, and yet the aims of the commission, without doubt, were conscientious in the extreme. We therefore feel that in no way and under no basis can a revolutionary change in the method of compensation of the railroads be made that will not operate unfairly on the railroads in one part of the country or another.

Senator MARTINE. There is a conflict between you people, between the trunk lines and the short lines.

Mr. ODDIE. None that I am aware of. We believe that our particular conditions should be taken into consideration and that a general bill or law can not take those conditions into consideration.

Senator MARTINE. Do you share the belief that has been expressed by some of these gentlemen before you that the trunk lines are overpaid?

Mr. ODDIE. No, sir.

Senator MARTINE. That has been expressed here, you know. Would you be satisfied, as a representative of your road, to have this referred to the Interstate Commerce Commission?

Mr. ODDIE. Most strongly we recommend it.

Senator MARTINE. You said that you had issued on your road \$750,000 of bonds and \$750,000 of stock. What is the length of the road?

Mr. ODDIE. Ninety-three miles.

Senator MARTINE. What is the general character of the territory through which your road runs?

Mr. ODDIE. Practically a desert country.

Senator MARTINE. Practically a desert country?

Mr. ODDIE. Yes, sir.

Senator MARTINE. Necessarily that would be comparatively level?

Mr. ODDIE. There are a few grades in it.

Senator MARTINE. That would be \$7,500 a mile for a narrow-gauge railroad—a pretty stiff valuation isn't it?

Mr. ODDIE. But when that road was built there were extremely high wages paid out there, and every condition entering into its cost was of a most extreme character.

Senator CATRON. Where is this railroad located?

Mr. ODDIE. In central Nevada, going south from a point on the Southern Pacific, about 500 miles east of San Francisco.

My recommendation is that this matter be placed in the hands of the Interstate Commerce Commission, as we feel that our individual conditions will be taken into consideration just as they were taken into consideration in the express cases, where under the decision appearing in the twenty-ninth volume of the Interstate Commerce Reports, the commission allowed a line charge of 28 cents per 100

pounds for the first 50-mile haul, and for similar service on the Atlantic coast the sum of 15 cents.

Senator MARTINE. What rate of interest do your bonds pay?

Mr. ODDIE. As stated, the bonds are income bonds, and during the period from 1880 to the present time the net interest payment to the bondholders has only amounted to \$15,000.

To show you what great interest the regulatory bodies of the West take in this mail pay question, the Public Service Commission of Oregon telegraphed to the Oregon Senators on the 15th instant as follows [reading]:

Nine short-line railroads in Oregon unite in asking us to direct your attention to the Phelan bill, Senate bill 4175. This provides for regulation of railway mail pay rates by Interstate Commerce Commission, for annual weighing and other relief. Mail pay necessarily reflects itself in other rates permitted to carriers. We would request that you confer with Senator Phelan in regard to this bill, which will be before the Post Office Committee on Monday. Also refer to our letter dated November 10. Anything you do will be appreciated.

PUBLIC SERVICE COMMISSION OF OREGON.

I have already stated to the committee that the Second Assistant Postmaster General's estimate shows that 37 of the short line railroads of the western States will have an aggregate reduction of pay of about \$90,000 if the Moon bill passes. We feel that their individual conditions should be taken into consideration in fixing rates, and that a uniform basis of rates can not be applied equally all over the United States.

The Phelan bill, S. 4175, provides that the western short lines shall in the beginning have a slightly higher rate of pay; that there shall be annual weighing; pay for apartment cars; relief from side and terminal service; and then the salient features of the bill are in sections 5 and 6, which provide:

SEC. 5. That any railroad company complaining * * * that the rates of compensation paid to such railroad company for carrying the mails on any railroad mail route, are unjustly or unreasonably low may apply to the Interstate Commerce Commission by petition which shall briefly state the facts and ask for the relief prayed for * * *. If there shall appear to the commission to be any reasonable ground for investigating said complaint, it shall be the duty of the commission to investigate the matters complained of in such manner and by such means as it shall deem proper. Said commission shall in like manner and with the same authority and powers investigate any complaint or petition filed with it by the Postmaster General complaining that the rates of compensation paid to any railroad company for carrying the mails on any railroad mail route are unjustly or unreasonably high.

SEC. 6. That whenever, after a full hearing had according to its rules of procedure, upon a complaint made, as provided in section five of this act, by a railroad company or the Postmaster General, the commission shall be of the opinion that the existing rates of compensation paid to such railroad mail carrier for the transportation of the mails over the railroad mail route so investigated, should be increased or decreased, * * * the commission is hereby authorized and empowered to determine and prescribe what will be the just and reasonable rates to be thereafter paid to the railroad company by the Postmaster General in such case for mail service, * * * and to make an order that the Postmaster General shall * * * pay for the carrying of the mail the rate of compensation so found by the commission to be just and reasonable.

That section provides that the commission shall fix the rates of pay for each individual line. If this committee can not see its way clear to give that power to the commission, we hope that the committee will vote to refer the whole question to the Interstate Commerce Commission for full investigation.

Senator MARTINE. If it were so referred, they would probably take the whole subject into consideration.

Mr. ODDIE. They no doubt would. I thank you, very much, gentlemen, on behalf of the western short line railroads.

I would like to present Mr. L. G. Cannon, vice president of the Nevada Northern Railway, and vice president of the Western Association of Short Line Railroads.

The CHAIRMAN. You may proceed, Mr. Cannon.

**STATEMENT OF MR. L. G. CANNON, OF EAST ELY, NEV.,
VICE PRESIDENT AND GENERAL MANAGER OF THE NEVADA
NORTHERN RAILWAY.**

Mr. CANNON. Mr. Chairman and gentlemen, I represent the Nevada Northern Railway as vice president, managing and operating man in Nevada, and I am appearing as the vice president of the Western Association of Short Line Railroads.

I would like to make the remark in starting this proposition here that the State of Nevada has to-day about 90,000 people within its confines, and it has 110,000 square miles of territory. I give you that to show you how sparsely the country is settled. When you compare that with the State of New York, which has 47,000 square miles and 10,000,000 of population, two and a half times less area and 110 times more people, it will give you some idea of the star-route necessities in that country. That population is scattered in all these little mining camps. They must be reached from some railroad station, either a branch line, an individually-operated line, or a trunk line, and a parcel post is one of the features that has cut the earnings down very materially on account of the star routes. They can ship now from any market right through to destination at the same rate that they can ship to a point on any of the railroads intermediate or through.

As an instance, I noticed an actual shipment of a thousand pounds of flour in 48 sacks that originated on the branch line of the Denver & Rio Grande Road in Utah. It was a second branch-line delivery to the first, then to the main line, and routed around by Ogden and Cobra and down to Ely, a distance by rail of 481½ miles. The destination was Garrison, Nev., 70 miles from Ely. The regular wagon haul from Ely to this point is \$20 a ton. The Government makes the transportation on a basis of \$21.60 a ton. It can be readily seen that there is no money in that shipment for the railroad—no possible money. It must all be paid out by the Government to the star route.

We had felt in one of our meetings, taking place in February in San Francisco, that we should present a bill to Congress which would collate these roads west of the one-hundred and first meridian, put them all together in a separate and distinct aggregation of their own, so that the compensation allowed by the Government would be increased sufficiently to make their earning power from the source of carrying the mail sufficient to at least pay the operating expenses of that feature of their traffic. That bill was presented by Senator Phelan, of California, and is known as Senate bill No. 4175, and we are extremely anxious to have that bill passed. It is simply out of the question for lines that we represent to begin to pay their operating expenses under these conditions. Many of them are now operating at a loss—quite

a few of them—and in that portion of the country there are about 90 of these little roads. Some 20 of these joined our association and paid \$25 a year for membership. Some paid \$15 or \$16. Some came in for \$10. Some for \$8, and some came in on a \$5 basis; but the balance rotified our secretary that it was absolutely impossible—they could not afford to belong to the association—they would like to have us do what we could for them, but they had no money to spend. Now, that is the condition of the roads out in that western country.

Senator MARTINE. Many of them are logging roads, are they not—little narrow-gauge roads?

Mr. CANNON. Not so many of them are narrow gauge. A few of them are.

Senator MARTINE. Is yours a narrow-gauge road?

Mr. CANNON. No, sir; mine is standard gauge.

Senator MARTINE. I thought you were connected with the gentleman who preceded you, whose road was a narrow gauge?

Mr. CANNON. No; Mr. Oddie represents a narrow-gauge road, but my road is a full-fledged standard gauge.

Senator MARTINE. Well, would you be willing, as has been stated, to refer the whole subject to the Interstate Commerce Commission?

Mr. CANNON. If bill No. 4175 does not pass; yes, sir.

Senator MARTINE. What would bill No. 4175 give you?

Mr. CANNON. It would give us \$75 per mile per annum for 500 pounds of mail or less.

Senator MARTINE. What is the average mail you get now?

Mr. CANNON. Well, I think we are handling about 1,575 pounds daily under the last quadrennial weighing, 1914. Now when this road that I represent started its operations on the 1st of October, 1906, it was but a few months after the quadrennial weighing. It being a new mining camp, naturally a great many people came in there—probably ten or twelve thousand people in that district around Ely—and the mails were heavy—very heavy. But we were compelled to carry that mail for practically four years for \$42.75 per mile per annum. We got no relief until the 1910 weighing. Since then we have been weighed twice.

Senator CATRON. 1910 you say?

Mr. CANNON. Yes, sir.

Senator MARTINE. You were weighed last in 1914 or 1915?

Mr. CANNON. We were weighed last in 1914.

The CHAIRMAN. And you weighed the first time in 1906?

Mr. CANNON. Yes, sir; but just prior to the operation of the road.

Senator CATRON. Now, in connection with that, what has been your annual increase in mail, if any, carried on the road?

Mr. CANNON. Well, if I recall correctly—of course the first four years we do not know what we carried.

Senator CATRON. You know what it was from one year to the next, do you not?

Mr. CANNON. The next year I think we got \$96 a mile, and the next—we are receiving now \$111.75 per mile.

The CHAIRMAN. You say the next year; you mean the four-year period, do you not?

Mr. CANNON. Since the 1914 weighing we have been receiving \$111.75 per annum.

The CHAIRMAN. I think it might be inferred that you were given that much increase annually.

Mr. CANNON. No, sir; that is a four-year increase. I am not going to read this item, as I understand it goes into the record.

The CHAIRMAN. Yes, sir; you can insert it.

Mr. CANNON. I know you gentlemen are getting tired of listening to the mail proposition, so I will not read it entirely.

A portion of this item here—in the first place, I am simply taking the short-line roads as a whole. I am not taking up my own property at all. I want to represent them all, because they all need it.

Should H. R. 10484, with space regulation for compensation, become a law these small roads will have their present mail revenue depleted from 50 to 75 per cent. It seems almost unthinkable that the strong arm of the Government should be permitted to practically strangle railroads that have been built through sparsely populated portions of the country, have had to undergo hardships in the matter of operation on account of financial conditions existing, yet be compelled to accept reduced revenues for the handling of mail in line with similar reductions that Eastern roads are called upon to bear, yet revenues of the Eastern roads are not curtailed to so great an extent because such roads serve densely-populated territory. The action of the Postmaster General authorizing the carriage between connecting zones of 50-pound parcel post packages has in itself been seriously felt through depleted revenues of these Western short-line roads, and to still further reduce such revenues by forcing the space basis provided in the bill under consideration is simply aggravating the injuries already sustained.

Many of the short line roads were originally built to serve mines or lumber camps, and during the early inception of their lives they were able to feel that a profit was being made in their operations. As the mines gave up their treasures and the lumber was cut from the land, the principal earning power of such roads vanished. They are, however, a necessity to the development of the districts along their lines and to the care of the people who require an outlet for the products that they originate, and an inlet for the supplies that they consume. These districts are to-day in a stage of transition between the period of their prosperity under the industries of mining and lumbering, and the future prospects that are promised by the slowly developing agricultural resources.

Many of you probably know something about the State of Nevada. It is called the great sagebrush State, and it is. There is not any question about that. And that sagebrush is prevalent all over the State, except when you get up into the Tonopah district and the Goldfield district, where the valleys even have not a vestige of anything green. The mountains are the same way.

Senator CATRON. Is the sagebrush classified as timber down there by the Forestry Bureau?

Mr. CANNON. No, sir.

Senator CATRON. That is what it is in New Mexico. [Laughter.]

Mr. CANNON. I believe that many of the western Senators and Representatives would attest the truth of these conditions as outlined. Specifically referring to the provisions of H. R. 10484, and to the drastic changes which it proposes to originate, I desire to call the

committee's attention to the fact that since the inception of railway operations in this country there has been but one commodity that railways have been permitted to offer to the general public, and that is transportation. The sale of such commodity has always been based upon weight, classification, and rate. The question of offering the general public space in a freight car or a baggage car at a certain stipulated basis has never been considered, and could not be, except to originate an unfair basis of securing business, for the very apparent reason that it would be impossible for railways to furnish space to the general shipping public.

Now, that brings to my mind President Rea's remarks yesterday, when he struck the keynote of the whole situation, that if the mail department, the Post Office Department, was able to say to the railroads just what they should receive for handling the mails, why not the Secretary of War tell what they should receive for handling troops and munitions of war or their equipment. It is breaking up the fabric of the rate-making power, which is more important to the railroads than to get this mail pay raised. It should not be done.

This is only one of the features that will lead you to believe that if a blanket contract is to be made with the railways as a whole that to make such contract applicable and equitable it must be on the weight basis. It can not be on the space basis for the simple reason that while it may be fairly equitable to lines that are handling the mails in full postal cars, it must of necessity be inequitable to short-line roads that handle mails in minimum space, as the compensation allowed under the bill has been shown by figures previously presented to your committee to carry disastrous reductions. Such conditions will make it patent to your committee that Western short-line roads are plainly discriminated against.

This bill contemplates forcing the railways not only to the rail carriage but to the terminal delivery charge, regardless of distance between depots and post offices, thus fully covering all transportation charges, leaving the railways to barter with the public for the terminal handling of mails.

Senator CATRON. What service do you mean? The service of delivering from the depot to the post office?

Mr. CANNON. Yes. I speak of that, Senator, because in this Moon bill they have a terminal charge which they give you, and in it is included the transportation of mails between the post offices and the depots. Under the present law, where a post office is within 80 rods of the depot, the railway company is compelled to handle the mail, to perform all the transportation, but under this bill this terminal charge is simply a bait. It gives you 25 cents or 50 cents for a round trip on a short road, and if you have got any post office on your line anywhere that is beyond 80 rods—simply if the post office is not actually in the station—you have got to deliver it, and you have to pay for that transportation you are consuming all the money you get out of it; not only the money you get from the Government for terminal purposes, but the money you secure for the carriage of the mail.

Senator CATRON. Does this Moon bill make you pay for delivery beyond 80 rods?

Mr. CANNON. It makes you pay anywhere. The post office may be 3 miles away.

Senator CATRON. Is there no limit to it anywhere?

Mr. CANNON. No; wherever the post office may be at that particular town.

Senator CATRON. And you get no extra compensation for that if the post office is a greater distance from the station?

Mr. CANNON. None whatever, except this little terminal proposition that they put on it; that looks nice on the face of it, but is simply a bait that could not possibly cover the expense, unless every post office is located at the station. When you have got, out in that western country, to hire a man to go out and do a little job for you, you will find you have got to pay for it. You can not hire men there like you can here. A clerk here gets \$75 a month. He will cost us \$110—possibly \$120. Men of the same caliber. They can not live in that country so cheap as you can here. You must have more money for everything.

Senator CATRON. Isn't this the case, where the railroads were built after the town was built; the railroads put their stations on the outside of the town, some distance from the post office, and it is only where the town was built subsequent to the railroad that the post office is near the depot? Isn't that true?

Mr. CANNON. It is true in most instances, yes, sir; but there is probably a reason for that, and the reason is that probably those who owned the town properties there held them very high before the railroad came in.

Senator CATRON. I know exactly what the reason is. I was just calling attention to the fact that the railroads were generally built on the outside of the town, when they existed before the railroad was built. That is the rule in our country.

Mr. CANNON. Yes, sir.

Now that feature I do not believe the Senators have considered at all, and it is a very serious question. You never can tell what it is going to cost you. I remember very well when I first tried to make a contract for handling the mail from the depot to the post office at Ely, a distance of three blocks, they wanted \$50 a month—\$600 a year. I bought a little cart and hired a boy, and he ran it backward and forward for \$25 a month. Now I have got it down to a basis of \$20, with a regular transfer man. But the average citizen who lives in a sparsely populated country wants something for his services always beyond that that can be fixed properly.

The parcel post 50-pound package, which traffic is daily increasing—the future volume of which no one can state with accuracy—leaves a transportation charge of unknown quantity to be assumed by the western short line roads, which might obliterate all that such companies would receive under the bill, both for rail and terminal charge.

On the whole, the space and terminal scheme provided in this bill is simply an avenue through which the Postmaster General purposes to force the railways to handle the parcel-post packages without compensation, using the earnings derived from such traffic for the paying of the large advances that he is compelled to allow the star routes for the handling of the same traffic.

It has been frequently stated that the express companies pay the railway companies less revenue than the Government pays for the carriage of mails.

I can truthfully state that taking all details in connection with the carriage of express and mail matter on the Nevada Northern Railway, and using the last half of the year 1915, because during such months the earnings of the railway were normal, charging the express company with all free transportation accorded them and the same charge against the mail receipts, show that the express company paid the railway company \$2,976.56 more than it received from the carriage of mails.

Comparing the same express receipts with the provisions of H. R. 10484, I find that the express company would pay the railway company \$7,439.62 more than would be received from the transportation of mails.

Comparing the present mail contract with the provisions of H. R. 10484, shows that under the present mail contract the railway would receive \$8,628.29, or 52.7 per cent more than under the provisions of this bill.

In connection with the handling of express matter it is well to understand that the railway company is not called upon to furnish any particular space; that the express matter and baggage is handled in one apartment and adjusts its position in the car in line with the wishes of the baggage master or messenger, who is one and the same individual, and is paid partly by the railway and partly by the express company. In addition the railway company receives 50 per cent of the earnings of the express matter. If the space in the baggage car is not sufficient for express matter, and an additional car is placed in the train, the railway company receives its 50 per cent of the additional earnings which such extra express matter produces.

In the case of the United States mails a stipulated apartment is furnished, and should there be more mail matter than can be contained within its limits and a portion of it is loaded into the baggage car, the railway company receives no additional compensation.

If the compensation allowed under this bill should be favorably reported out by your committee, we sincerely trust you will eliminate the penalty clause of \$5,000. This action would place the railways upon the same basis as contractual units with the Government and would permit them to decide whether they desired to handle the mails at the rates provided, or whether they should refuse to do so. The retention of the penalty clause, we submit, would practically force the railways into contracts obtained under duress, and if so obtained we believe would be unconstitutional.

Senator CATRON. Does that ever happen?

Mr. CANNON. Why, almost daily. It would not happen if it was not for the parcel post.

The committee will, I hope, consider the increase in wages paid to railway employees, which have gradually been ascending for the past five years, and such increases are now being further agitated. A decrease in the present mail compensation further aggravates the situation, and if this bill becomes a law the railway companies will be forced to secure from other sources the loss sustained through depleted mail revenues. We hardly think that an enlightened public will view with complacency the raising of passenger and freight rates to overcome conditions forced upon the railroads by the Post Office Department. Increased revenues can not be obtained except through governmental avenues. Action must therefore be had

through the Interstate Commerce Commission, and in case of western short-line roads such showing can be made to the commission that we believe will favor such increases.

Senator MARTINE. Have your passenger rates been increased at all?

Mr. CANNON. The passenger rates have been reduced twice.

Senator MARTINE. But recently they have been increased, have they not?

Mr. CANNON. Increased recently? No, sir.

Senator MARTINE. Hasn't there been a general application of the increase in rates?

Mr. CANNON. That general application did not go as far west as we are.

Senator CATRON. Is your road entirely in the State of Nevada?

Mr. CANNON. Yes, sir; but 97 per cent of its business is interstate. The State business is extremely limited—in fact, we have but two stations in a distance of 128 miles. One of them is $3\frac{1}{2}$ miles from the station, and has about 250 people. The other one is on the line, with about 50 people. That is the extent. And we run down through a valley that is from 5 to 17 miles in width, beautifully covered with sage brush, nothing else.

This paragraph that appears in bill 10484, page 41, lines 9 to 14, gives the Postmaster General the power to increase mail compensation, when in his judgment the provided compensation is inadequate. The paragraph provides that—

The Postmaster General is authorized to make special contracts with the railroad companies for the transportation of the mails where in his judgment the conditions warrant the application of higher rates than those herein specified, and make report to Congress of all cases where such special contracts are made and the terms and reasons therefor.

I have no doubt that the framers of this paragraph intended to make it possible for railroads located in sparsely settled portions of the country, which, owing to the grades and curvatures, make the operating expenses excessively heavy, that in such particular cases the Postmaster General would make special contracts to alleviate the losses that might otherwise occur. The power thus delegated would be *exparte* in its nature naturally, because of other portions of the bill giving the Postmaster General absolute authority to order railways to carry mails under the provisions of the bill, and while he might increase the compensation of some roads he would undoubtedly refuse others, causing thereby an endless amount of friction and dissatisfaction, and continual appeals from constituents to Members of Congress would follow.

Further, one particular point that we think the committee should scrutinize closely is the forcing upon other traffic than the mail service an abnormal proportion of the operating expenses. I do not believe that there is an individual voter in the United States but would express the opinion that the railway mail service should bear its proper proportion of the operating expenses of railroads on a weight basis.

I bespeak the serious consideration by the committee of the depleting of the mail-earning revenues of short-line roads of the West, who are to-day many of them operating at a loss, and are making a special plea to Congress through the provisions of Senate bill 4175 to

place them on a basis more nearly commensurate with the compensation paid star routes; in other words, upon an intermediate basis between the transcontinental and eastern lines and the short lines west of the one hundred and first meridian.

If Senate bill 4175 can not receive the support of Congress, the short-line roads respectfully pray that the whole subject of mail compensation be referred to the Interstate Commerce Commission, with power to investigate and apply such mail-pay compensation that in its judgment is air and equitable to the Government, the people, and the railways.

All of which is respectfully submitted, and I thank the committee for the courtesy of their attention.

The CHAIRMAN. Now, let me ask you, in your opinion, if this matter should be referred to the Interstate Commerce Commission to investigate this whole question, have you the hope or expectation that in the investigation and fixing of those rates, if they would fix them, that they would take into consideration the conditions that you describe in these western roads and short lines, and allow them greater amounts for mail transportation on account of their condition? Or do you fear that they would try to make this whole question one of equality, as you might say? In other words, under the law, and in view of their decisions—and in matters of this sort you have had some experience—would you feel inclined to say that they would take into consideration the difficulties that you describe and prescribe a larger compensation for you?

Mr. CANNON. I should certainly say so.

The CHAIRMAN. They would have the authority to do it, certainly, under the law organizing the Interstate Commerce Commission.

Mr. CANNON. Yes; assuming they had the authority.

The CHAIRMAN. Yes; certainly.

Mr. CANNON. The best way I can answer that question is to say to you that in their investigation of the express matter, the express condition, they allowed the lines east 16 cents a hundred pounds, while those west—in the western sparsely settled country—they allowed them 28 cents.

The CHAIRMAN. They have made that same difference in passenger rates, have they not?

Mr. CANNON. Not so great as that.

The CHAIRMAN. But they have made a difference?

Mr. CANNON. Yes, sir; they have considered that. We get on our lines $4\frac{1}{2}$ cents a mile for a passenger. The transcontinental lines, which of course live on a large volume of business, get 4 cents a mile. But we get only half a cent more.

Senator CATRON. That is regulated by your State commission, is it not? That is not interstate?

Mr. CANNON. Yes. But the State Railroad Commission of Nevada attempted to cut the through rate over the transcontinental lines to 3 cents, and they took it up to the courts, and the court decided that 4 cents a mile for that character of country that the railroads traversed was little enough.

Senator CATRON. That was 4 cents a mile?

Mr. CANNON. Yes, sir.

The CHAIRMAN. Have you completed your statement?

Mr. CANNON. Yes, sir.

The CHAIRMAN. Are there any questions you want to ask, gentlemen?

Senator CATRON. How many lines of railroad have you in Nevada?

Mr. CANNON. Short and long lines?

Senator CATRON. Yes; short and long.

Mr. CANNON. I do not think over six or seven.

Senator CATRON. How many miles of traffic?

Mr. CANNON. You are not speaking of the transcontinental lines, are you?

Senator CATRON. Yes; all of them.

Mr. CANNON. The Southern Pacific runs through Nevada for about 400 miles, and the Western Pacific about the same—a little more, I guess. Then we have the Tonopah & Goldfield. That is 100 miles long. The Southern Pacific has quite a few branches. It would take a little time to gather the information for you, but I can get it for you.

The CHAIRMAN. There would be at least 1,500 miles?

Mr. CANNON. In the State?

The CHAIRMAN. Yes.

Mr. CANNON. Oh, I should say it is more than that—no; I don't believe there is more than 1,500 miles.

Senator MARTINE. We can not conclude this hearing to-night, can we?

The CHAIRMAN. How many more witnesses have you?

Mr. ODDIE. We have two more, Mr. Chairman.

The CHAIRMAN. Well, let us get through with these gentlemen, if we can.

Mr. ODDIE. They have traveled a long distance, and I think are very anxious to return.

The CHAIRMAN. I do not want to embarrass you by undue brevity, but there is a great deal of this matter that you might file to be printed, and save you trouble and the time of the committee.

Senator CATRON. Where the statements have been written out, it is hardly necessary to read them.

The CHAIRMAN. There might be some suggestion that they would like to make, but where they are written out and are to be printed, it is hardly necessary to go through the whole thing.

Mr. ODDIE. We feel that our conditions are not generally known here, and it is true we have some written statements, but it is not possible for those peculiar conditions to be brought out just by a reading of them. Questions may occur to the Senators on subjects on which they would like to have some information, and we feel that we want to impress on you just as much as we possibly can with what we are confronted in this situation, and that it is a matter of great importance to us.

The CHAIRMAN. Yes; I can see that. Who would you like to have heard now?

Mr. ODDIE. I would like to call on Mr. M. W. Cooley, general manager of the Uintah Railway Co., Mack, Colo.

The CHAIRMAN. Yes; we will hear Mr. Cooley.

**STATEMENT OF MR. M. W. COOLEY, GENERAL MANAGER OF
UINTAH RAILWAY, MACK, COLO.**

Mr. COOLEY. The Uintah Railway is a small road running from Mack, Colo., over across the Utah line to station called Watson.

This question is so serious to us that I have prepared a definite statement which I think gives, or attempts to give, nearly all of the facts in our case, which I would like to read, and after that I would like to follow with a statement for the short line railroads in my section.

The object of this statement is to present the case of the Uintah Railway Co. in regard to railway mail pay and more especially in regard to section 16 of H. R. 10484, which passed the House on February 29.

It is substantially the same bill, known as the Moon bill, which passed the House in 1915, but contains features more objectionable to this company than that bill.

The present bill is especially objectionable in that it attempts to pay for the transportation of all mail on the space basis. In listening to the testimony of various ones you are attracted by the expression from the Members of Congress, "Your case is very unusual," but after all the evidence of various ones have been heard you realize that all are unusual. Of course, our case is different in degrees from a prairie line, a difference that has always been recognized theretofore by regulating bodies. The Interstate Commerce Commission has allowed higher express rates in mountainous districts and our Colorado Utilities Commission has allowed higher passenger rates in mountainous districts.

It takes coal to haul tonnage on prairie lines; it takes more coal in proportion to haul tonnage—that is, more power—on mountainous lines. In our case we represent the superlative degree, but we are by no means the only one in that class.

Now, on this account we expect in whatever law you frame that we will derive less net revenue than other companies from handling the mails; that we know is true in the operation of the present law; but we do not expect that you will pass a bill that will cause us to loose money in handling the mail and then compel us to handle it at a loss. This we expect to show you is what is proposed by the Moon, or space basis, bill.

This railway extends from a connection with the Denver & Rio Grande System at Mack, Colo., in a general northwesterly direction to Watson, Utah, a distance of about 63 miles. As originally constructed its Utah terminus was Dragon, about 50 miles from Mack, but within the past few years the railway was extended an additional 13 miles to Watson. It is a narrow-gauge line, and was built for the purpose of furnishing transportation facilities for the large bodies of gilsonite in eastern Utah. Had it not been for such traffic the railway never would have been constructed. But it has done everything possible to build up its miscellaneous business and at the same time to furnish the badly needed transportation facilities for the northeastern portion of Utah, and to that end has constructed and operated wagon and stage roads and lines from its railway terminus northerly into the Vernal country. By this means it has built up a considerable inbound freight and passenger business destined to points on this wagon road.

A very clear account of the circumstances leading to the building of the railway and the conditions peculiar to it will be found in the decision of the Interstate Commerce Commission in the case entitled *American Asphalt Association v. Uintah Railway Co.* (13 I. C. C. Reports, 196). Without quoting from that decision, which involved the question of rates of gilsonite over this railway, it is sufficient to say that the commission held that there were many peculiar incidents surrounding the movement of traffic upon this line, and that its rates should not be judged or controlled by rates on similar commodities moving under different circumstances and over railroads generally. In that case the commission found, for the purpose of determining what was a fair return on the investment, that the actual cost of the railway and its equipment was something over \$700,000. Since that time about \$250,000 was expended in extending the railway from Dragon to Watson, so that taking the Interstate Commerce Commission's figures as to the original cost, the investment is about \$950,000. The commission also stated that a 7 per cent return upon the investment was not unreasonable under the circumstances. This percentage on the above valuation would be about \$66,500 per year—which the commission conceded would not be unreasonably high. During the two fiscal years ending January 31, 1914 and 1915, the net income of this railway was \$20,439.40 and \$20,888.68—less than one-third of a fair return according to the Interstate Commerce Commission's own opinion, and something over 2 per cent on cost. These features are mentioned for the purpose of indicating the character of business in which we are employed, and the small return upon the investment.

The operating conditions are severe. Over the Book Cliffs the railway operates on a $7\frac{1}{2}$ per cent grade for a distance of about 6 miles, with a maximum curvature of 65 degrees. This necessitates very short trains, and heavy operating expense. During the winter season snows greatly increase such operating costs. Gilsonite outbound still constitutes the bulk of the traffic, and while much miscellaneous inbound freight has been brought to the railway through its wagon-road service, much of its equipment must be hauled back to the gilsonite fields empty.

We operate one passenger train each way daily. On account of the sharp curves the cars and engines must be short. The engine was specially constructed for the purpose of hauling the one car and will not haul any more. The car is 32 feet long. It must necessarily be short to go around the curves.

Senator PENROSE. Is your road a standard-gauge road?

Mr. COOLEY. It is not, but in the last five years we have been putting in standard-gauge ties, and we have made surveys for a standard-gauge road, which we have expected that undoubtedly within a few years we would have to put in.

Senator TOWNSEND. Can you tell me, do the owners of this gilsonite own the railroad?

Mr. COOLEY. Yes, sir.

Senator MARTINE. How long is the railroad?

Mr. COOLEY. Sixty-eight miles. The mail route is 62.81.

Senator TOWNSEND. The road is run principally for the owners of that property?

Mr. COOLEY. It was constructed for that business, but carries mail and passengers and express.

Senator MARTINE. Let me ask for my own information, what is gilsonite?

Mr. COOLEY. It is high-grade asphaltum.

The Uintah Railway carries the mail to and from points on its line, and also the Utah country served by the wagon and stage lines.

We run two lines of stage, one to Vernal, Utah, and the other to Roosevelt, Utah, one route 56 miles long and the other 69 miles long. They are daily automobile stage lines. We carry the mail, however, on one line only. That is a star-route contract from Watson, Utah, to Vernal, Utah.

The CHAIRMAN. Your star route is about the same distance as the length of the railroad?

Mr. COOLEY. Fifty-six miles; yes, sir. The rail mileage is 62.80, the exact mileage.

The CHAIRMAN. What is the difference in the rate of pay, the amount that you receive for carrying the mail on that star route and what you receive for carrying it on the railroad?

Mr. COOLEY. For carrying the mail on the railroad we get \$8,055.28. On the star route we have a contract of \$600 a month flat, for the first and second class mail; and we have a rate of \$1.25 a hundred pounds for carrying the fourth-class mail. That runs now about—well, almost \$3,000 a month on the star-route contract.

Senator MARTINE. What is the average weight of your mail a month?

Mr. COOLEY. I am coming to that, Senator. I have a list of it here.

Senator MARTINE. All right; I do not want to interrupt you.

Senator TOWNSEND. Do you carry much of any freight up there, except for this company?

Mr. COOLEY. I judge, Senator, it is about 400 tons a month. That is what I would think our miscellaneous freight was. I haven't any special figures here on that point. The freight of gilsonite is all outbound from the country. We are, however, carrying in and delivering to points 85 miles beyond the railroad. We haul the freight of that country.

Senator MARTINE. Are there any stations on the line besides the gilsonite plant, or are the supplies that you carry inward—you carry outward gilsonite, and you carry inward freight and supplies to the town where the gilsonite is mined. Isn't that about all?

Mr. COOLEY. And to the towns 85 miles beyond where the gilsonite is mined. There are supposed to be in that country 560,000 acres of irrigable land. There are many towns that have been growing up there quite fast, and it was estimated two years ago that there was in the neighborhood of 25,000 people going in and taking up homesteads in the desert, and buying dead Indian lands in the reservation.

In order that my story might be connected, there is another line that has been put on—it is now running from Helper, in Utah, a point on the Rio Grande, coming directly into the same country. It is a line that is largely competitive with us. It is a stage line, 130 miles long. But the freight business of the country, as I will show you later, the principal mail business of the country is being done by ourselves.

The figures hereinafter presented refer solely to compensation for the railway service, the mail being carried over the stage lines under

contract resulting from competitive bidding. Under the present law, and about two years ago, the railway contract was entered into after the statutory weighing of mails for the purpose of determining the contract price. The average upon which this price was fixed was 2,000 pounds, more or less, per day, and the statutory compensation therefor was fixed at \$128.25 per mile per year. The result is that this railway receives \$671.28 per month for carrying all mail. Since this weighing occurred and the contract was entered into the weight of the mails carried has greatly increased, owing entirely to the Parcel Post Service. The contract was begun in November, and the weights actually handled, by months, since that time from our terminal are given below. To these weights should be added about 7,500 pounds, estimated, weight on the railway line proper.

	Pounds.		Pounds.
November, 1914.....	68, 331	July, 1915.....	81, 447
December, 1914.....	66, 604	August, 1915.....	116, 506
January, 1915.....	43, 865	September, 1915.....	119, 744
February, 1915.....	52, 021	October, 1915.....	122, 681
March, 1915.....	72, 968	November, 1915.....	131, 463
April, 1915.....	73, 303	December, 1915.....	143, 715
May, 1915.....	87, 666	January, 1916.....	68, 459
June, 1915.....	68, 296	February, 1916.....	103, 854

Now, I wish to go back and call your attention to the fact that in January, 1915, it was 43,000 pounds, and this year it is 68,000 pounds; that in February last year it was 52,000 pounds, while this year it is 103,000 pounds, showing that it has practically doubled.

The compensation, of course, remained stationary, so that the rate per ton for the entire haul of about 63 miles was \$10.81. The freight charges of this railway—which were either fixed or approved by the commission in the above-mentioned case—vary from \$8 to \$10 per ton. The express charges are \$1.30 per 100, or \$26 per ton. This service is conducted by the Wells-Fargo Co. under contract with the Uintah Railway, and the Uintah receives a net sum of \$13 per ton for the express service, based on the above rate for a 100-pound package. As a matter of fact, the express rates for lighter packages—which constitute the bulk of the express service—are much higher, so that a calculation would demonstrate that the Uintah Railway receives considerably more than \$13 per ton for the express matter carried by it. It will thus be seen that under the present rates the railway receives but little more for hauling the mail than it receives for freight, including the freight charges on largeshipments of gilsonite. Its mail revenue per ton is much under its revenue from the express service, even considering merely the net return of the Uintah company on such service.

Certainly, considering the above facts, and particularly comparing the return for mail carriage with the freight rates recognized by the commission as reasonable, it can not be said that the railway revenue from mail is unreasonable. Much might be said in support of a higher compensation for that service.

In what follows we shall assume that the Moon or Post Office Department space-basis bill be enacted into law and after the 1st of June, 1916, the Postmaster General will readjust the compensation to comply with it.

The Second Assistant Postmaster General, Mr. Otto Praeger, at the request of Senator Phelan, has submitted that this company's pay will probably be \$3,481.08, and by checking this over we find

that that amount is obtained by assuming that a 15-foot space will be required. Our car is 32 feet long, the passengers' compartment being 20 feet, and the mail, baggage, and express compartment being 12 feet long. We know from experience that we can not allow for the exclusive use of the mail more than 7 feet; we also know that the mail can not be carried in a space of 7 feet, and that very often the whole of 15 feet will be required. Two days this month—the month of March—we have had 7 tons and have been obliged to put on an extra car to handle it, so that if the Postmaster General decides that a space of 15 feet would be necessary we would be obliged to put on another car. This car will be 30 feet long. We would not be expected to build a car of less length, surely. The Postmaster General will use the 15 feet; there will be no use for the other 15 feet whatever, and we will receive the annual pay of \$3,481.08 for that amount of space, as against the present pay of \$8,055.38, and as against \$9,730.52, the amount we would get now if we were paid under the present law for the amount of the mail we are now carrying; that is, we would be receiving \$6,249.44 less per annum than we should receive under the present law, and I have shown that our present pay per ton for carrying the mail is but a few cents more than freight rates allowed us by the Interstate Commerce Commission.

But that is not all. The addition of this car, or any car to this train, will compel us to put on a helper engine at the foot of our heavy grade. The cost of supplying and hauling this car, including this helper service, will be \$7,285.44. Details of this cost are as follows:

Expense account running mail car.

Roadway expense per car mile:	
Total roadway expense, year ending June 30, 1915.....	\$34,462.47
Total locomotive mileage.....	45,990
Total car mileage.....	286,829
<hr/>	
Locomotive mileage= $45,990 \times 3$	137,970
Car mileage.....	286,829
<hr/>	
Total mileage.....	424,799
$\frac{\$34,462.47}{424,799} \times \$34,462.47 = \$23,269.44$, car mileage proportion of roadway expense; $\$23,269.44 + 286,829 = 8.1$ cents expense per car mile.	
Proposed new car will run 4,591 miles per annum; $4,591 \times 8.1 = \$3,719.28$ cost per year.	
Proposed helper engine will make an equivalent of 13,140 car miles; $13,140 \times 8.1 = \$1,064.34$ cost per year.	
Depreciation on car costing \$3,000 on present basis used on other cars....	\$300.00
Interest on car costing \$3,000, at 5 per cent.	150.00
Cost of car repairs, averages 6 per cent of cost.	180.00
Cost of locomotive repairs: Averages 17.9 cents per locomotive mile run; $12 \times 365 \times 17.9$	784.02

RECAPITULATION.

Proportion roadway expense, car.....	3,719.28
Proportion roadway expense, engine.....	1,064.34
Depreciation.....	300.00
Interest.....	150.00
Repairs to car.....	180.00
Repairs to engine.....	784.02
<hr/>	
Running expenses per day, \$5.72, or, per annum.....	5,197.64
<hr/>	
Total.....	7,285.44

We are to receive for this service \$3,481.08; therefore we will lose \$3,804.36. We will lose the present revenue of \$8,055.38, and in addition, \$3,804.36, or a total of \$11,859.74; net loss on estimated, \$3,000; grand total, \$14,859.74. It may be argued that the Postmaster General has been authorized to make special contracts with this company if the conditions warrant it. Let us suppose this might happen in our case. Let us suppose that he might designate the whole length of the car, 30 feet, for carrying the mail. We would then receive, according to the schedules provided in the law, 11 cents per mile run, and \$2.75 as an initial and terminal rate. This would amount to \$6,047.39 on our road, and we would still lose \$5,812.35 over what we receive at present. No one believes that the Postmaster General would do anything beyond that, or that he will even make that concession.

Certainly before Congress passes an act which would have the effect above indicated there should be an investigation by competent authority of the entire subject of railway mail pay. The proposed bill contains a provision that after the rates specified by the act have been adopted the Interstate Commerce Commission shall, either at the request of the Postmaster General or the representatives of 51 per cent of the railway mileage of the country, make an investigation of the reasonableness of mail rates, etc. It is respectfully submitted that such an investigation should precede the drastic reformation of rates contemplated by the Moon bill. So far as the Uintah Railway Co. is concerned, it would be entirely willing to abide by legislation predicated upon the commission's findings. We believe that other short-line railroads would likewise acquiesce. But the situation confronting this company, based on its understanding of the proposed legislation, is so serious that it respectfully submits it should not be compelled to operate under such confiscatory circumstances for a year, and for such additional time as the commission may require for its investigation and report.

And finally, if we get any relief it will have to be given us by another act of Congress.

We earnestly pray that if you are unwilling to give the Interstate Commerce Commission authority to establish the rate that you will at once turn this section 16 over to the Interstate Commerce Commission with power to investigate and report its findings before any law is passed.

I am also vice president of the Western Association of Short Line Railroads for the State of Colorado, and there are several roads in that section that seem to be very much in the same condition as ourselves.

The honorable Second Assistant Postmaster General has furnished the statement to Senator Phelan of California in regard to some four of these railroads as follows: The Colorado, Wyoming & Eastern at present pay \$6,206.61; estimated pay under the Moon bill, \$602.63. The Crystal River & San Juan Railway, \$614.38 at present pay; estimated pay under the Moon bill, \$265.33. San Louis Southern Railway, \$1,500.08 present pay; estimated pay under the Moon bill, \$525.56. Uintah Railway, \$8,055.38 present pay; estimated pay under the Moon bill, \$3,481.08.

Now it must be remembered that the amounts of present pay given these roads are based upon the annual weighing which occurred in the early part of 1914. We know by our own experience that our own

weights have doubled in that time, and while the pay that might be given these roads if they were weighed at the present would not be doubled, it would be greatly increased. We have no doubt whatever that their weights have greatly increased. These roads are interested in the Phelan bill, H. R. 4175. It is a bill they feel that would greatly relieve the situation in which they are placed. They have probably called the attention of the Colorado Public Utilities Commission to it.

I would like to read a copy of a letter to the Senators from Colorado, Senator Shafroth and Senator Thomas, from the Public Utilities Commission of the State of Colorado:

DENVER, COLO., March 1, 1916.

HON. CHAS. S. THOMAS,
United States Senate, Washington, D. C.

DEAR SIR: Several of the short line railroads of the State of Colorado have presented to this commission those matters contained in the Moon rider to the post office appropriation bill, which has just passed the House, relative to the carrying of Government mail on the railroads; also discussing with us the Phelan bill, which has to do with the same subject.

We, as the public utilities commission of this State, after having heard only the side of the railroads, believe that the Moon rider should receive serious study at your hands, because if the position taken by the railroads is correct, to wit, that they are not thoroughly compensated for the service rendered, then these railroads will naturally call on the Interstate Commerce Commission or the State commissions for increases in intrastate and interstate passenger, express, and freight rates, which will naturally embarrass regulatory bodies.

We would respectfully request you to give this matter very careful consideration and would solicit you to acquaint yourself with the merits of the Phelan bill to the end that the Interstate Commerce Commission, which now regulates the rates of railroads, except as to mail traffic, may have jurisdiction over the mail pay rates.

Would suggest that you confer with Senator Phelan as to Senate bill No. 4175.

Very truly, yours,

THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO,
By M. H. AYLESWORTH, *Chairman.*

A similar letter was sent to Senator John F. Shafroth.

There are probably other small roads in other parts of the country that might need the same treatment as this bill attempts to give the small roads of the West. The Moon bill leaves the matter of compensation to the short-line railroads that are being injured by the general provisions of the bill, to the Postmaster General. Now, if in the case of the Colorado, Wyoming & Eastern Railway they get under the present law \$6,206.61 and under the proposed Moon bill \$602.63, I do not think it can be successfully argued that the Postmaster General will give them an allowance of space ten times what the Moon bill would call for, and yet he would have to do this if the pay were to be equalized with what this road gets at present, and all arguments in the House of Representatives have tended to show that it was not the intention of Congress to decrease the pay of the railroads but rather to raise them. In our own case we show that this bill would cause us a direct loss in round figures of \$15,000 per annum. I think I am safe in stating without any possibility of successful contradiction that nobody would expect the Postmaster General to allot to us a space of at least four full 30-car lengths where the mail we feel assured at the present time could be carried in a length of 15 feet, and yet he would be obliged to do even more than this if we were to obtain the same pay as we get at present. The right of appeal in the Phelan bill is very clear and direct. The right of appeal in the Moon bill depends upon 51 per cent of all the railroad mileage in the United States. Now, we are only short lines and would cut a very

short figure of percentage compared with all the lines of the country. Consequently we feel that we are practically shut out from the right of appeal by the Moon rider. We are not here advocating strongly the passage of any bill. We are simply seeking justice, and we recognize in this Phelan bill, if your honorable committee saw fit to take it up, that this most important question of appeal would be most satisfactorily met.

Finally, I came before your committee last year on the 15th of January, and on page 63 of the report of those proceedings I find that I strongly recommended the reference of this whole question to the Interstate Commerce Commission. I can hardly say now that I could make any stronger appeal than I made in this instance. As far as I can find from the record it was the first utterance before your committee from any railroad man in this country suggesting any such course of procedure. I thought then and I still think it is the just way to settle this whole question, and I really have been very much surprised that the Members of Congress have not seemed to take a kindly interest in that direction. The situation that we will be up against when the Postmaster General makes his decision as to the service he will require upon our road and we are face to face with compliance with it, that I am not prepared to say at this time what we could or would do. We believe that we have constitutional rights. We do not believe that our property could be confiscated by the action of the Postmaster General.

We know that upon the present showing that we would be able to make to our patrons, our friends and shippers, that there would be no public sentiment in our section to compel us to handle the United States mails at a loss and at a serious loss. We feel sure that they would pounce upon their Representatives and Senators in Congress for not having given us justice and insist that justice be done. The United States Postal Department has already in our section considered the discontinuance of the carriage of the mails upon our lines and established a cross-country service—a star-route stage line in the neighborhood of 130 miles long, but the service that can be given the people in the community is given to them so much better by our way that they have risen up and insisted upon it being carried our way, while I was before them urging them to let the matter rest and let the mail be carried across country as the department wanted it carried.

I can see but one trend and conclusion to the whole matter—that is it seems to me to tend toward the Government ownership proposition as long as the Government is unwilling to put its own business in the hands of its own regulatory body, the Interstate Commerce Commission.

The CHAIRMAN. Are you through, Mr. Cooley?

Mr. COOLEY. Yes, sir.

The CHAIRMAN. Are there any questions, gentlemen?

Senator MARTINE. Are you in favor of referring this whole subject to the Interstate Commerce Commission?

Mr. COOLEY. I certainly am, sir.

Senator PENROSE. We had better hear this next gentleman now, I think.

Senator CATRON. Do you consider the provisions of the Phelan bill as applicable to your road?

Mr. COOLEY. Yes, sir.

The CHAIRMAN. Who would you like to hear from now, Mr. Oddie?

Mr. ODDIE. Mr. Pengra, of the Sumpter Valley Railway Co.

The CHAIRMAN. Proceed, Mr. Pengra.

**STATEMENT OF MR. E. B. PENGRA, GENERAL MANAGER OF
THE SUMPTER VALLEY RAILWAY CO., BAKER, OREG.**

Mr. PENGRA. Mr. Chairman, the question was brought up with the gentleman preceding me as to whether he represented a logging road, and before presenting my paper I would like to say that I do represent what is called a logging road in the western part of the country, namely, the Sumpter Valley Railway Co., of Oregon. And in presenting these statements, while I perhaps go into details a little bit, and it may seem unnecessarily, yet it is for the express purpose of showing you the actual operating conditions that we are confronting in the western part of the country.

This road extends from Baker, Oreg., to Prairie, Oreg., a distance of 80 miles, through a very rough and mountainous country. It is a narrow-gauge road, and through the greater part traverses a country that could not be followed by a standard gauge line on account of heavy grades and curvature. We have a ruling grade of 4 per cent, with 18° to 24° curvature, over three summits in a distance of 50 miles, elevation of these summits ranging from 5,100 feet to 5,200 feet, with our minimum elevation of 3,420 feet.

Our principal traffic is lumber and logs, and is all eastbound, which results in our west-bound movement being nonrevenue, as it is made up almost entirely of empty-car movement. One of the conditions of this lumber traffic is that we must keep the mills supplied with empties or they would have to close down, thereby causing heavy loss to the operators, the employees, and to the railroad. The reason for this is that the lumber is loaded directly from the saw onto the cars and shipped to Baker, there to go through the dry kiln and the planers. They have no storage room at the mills whatever.

Our west-bound freight traffic is, on the other hand, of such a nature that it requires box cars for loading, and these box cars can not be used in their return movement for lumber and log shipments, so must necessarily be returned empty, and this you can readily see results in a continuous cross-haul of empty cars, which of course has a great tendency to increase operating expenses and reduce the earnings.

This road penetrates a very sparsely settled country, and were it not for the lumber traffic it could not exist; yet this country is gradually being developed, along agricultural and other lines, and the future prospects are very bright, provided we can continue to operate and serve the community. Were it not for the railroad the people of this interior country, their mail, and their supplies, would still be transported by the old-fashioned stage lines—in fact, it is only within the past two years that the mail contract for the last 20 miles of the railroad was taken over by the railroad in lieu of the old star-route contract.

The Sumpter Valley Railway indirectly furnishes employment to hundreds of men, besides taking care of the biggest industry of eastern Oregon, namely, the lumber industry. We handle the output of six large sawmills of from 60,000 feet to 150,000 feet of lumber

per day, and were it not for this little road these industries would not be able to exist, as they would have no way of getting their output to market.

I would say in connection with that, that the mills are located a distance of from 40 to 60 miles away from the initial point and the main line of the old W. R. & N., with which we connect.

We run one passenger train each way daily, on which we handle United States mail. For the calendar year ending December 31, 1915, our freight revenue was 80 per cent, passenger revenue 13 per cent, and our mail revenue 3.4 per cent of total revenue.

The space required for handling this mail represents 30 per cent of the entire train. The ratio of mail revenue to total passenger-train revenue is only 19 per cent. This is based on a 17-foot apartment car and does not include the extra space we have had to furnish on the many numerous occasions.

These facts are given you, gentlemen, that you may more readily understand the conditions surrounding the short-line railroads of the West—for the Sumpter Valley Railway is only one of many other short lines operating under practically the same conditions, and is not as Judge Moon has said, "an isolated case"—and that you may see why we are so very deeply interested in the question of railway-mail pay, I would now like to give you a few figures relative to railway-mail pay as effective on the Sumpter Valley Railway in the past few years.

An incomplete record kept in 1910 shows the total amount of mail handled in February, 9,000 pounds; March, 11,810 pounds; April, 22,555 pounds; May, 22,825 pounds; a gradual increase through the four months, and a daily average, taken for the heaviest month, which was May, of 760 pounds per day. In 1913, the daily average was 2,296 pounds, or an increase of 1,536 pounds daily in three years.

In 1914 the quadrennial mail-weighing period from the 1st of February for 105 days gave a daily average of 2,955 pounds or an increase of 659 pounds per day in one year. For some reason unknown the 50-pound limit on parcel-post packages in this particular district was not being used, and we did not handle any 50-pound packages until during the last three days of the weighing period a few scattering shipments were handled. But immediately afterwards the people began to take advantage of the parcel-post rates and our daily average of mail matter handled at once began to increase by leaps and bounds, and in less than 30 days we were handling over 4,000 pounds of mail per day on an average, and this condition has existed ever since, though we are receiving pay for only 2,955 pounds per day, at a rate of \$143.82 per mile per annum, when we should at the present time be receiving \$174.64 per mile per annum on an average of 4,000 pounds per day, and which would be a very low estimate on the daily average as compared with the gradual increase in the past four years. Our present pay for this mail service amounts to \$11,505.66 per annum, and, according to figures compiled by Second Assistant Postmaster General Otto Praeger in January, this year, our remuneration under the proposed bill No. 10484 would be \$8,439.53, an annual reduction of \$3,066.13. But this is not all; under the proposed bill the Post Office Department would continue

to confiscate the legitimate freight traffic of the railroad and force us to haul it at a rate that would be impossible to compete with.

As an example of this application. A partial check made on parcel-post shipments consisting of flour, sugar, salt, groceries, canned goods, potatoes, mill stuffs, etc., for the months of July and August, 1915, moving from Baker to Prairie for interior points and not including the regular first and second class mail nor did it include any shipments for intermediate points, resulted in the following: In July we handled 28,600 pounds and in August 29,650 pounds of parcel-post shipments such as above mentioned. These shipments represent commodities that have heretofore been handled as freight, and rightfully belong to the railroads as freight traffic. Taking our fourth-class rate for this same distance, 55 cents per 100 pounds, and applying it to the above-mentioned shipments and we have sustained a direct loss of \$320.37 in revenue for the two months, besides having to haul the same by our best and most expensive means of transportation for no compensation whatever.

I could cite you many more cases of similar application, but do not wish to burden you with what may seem to be personal grievances, and I am firmly of the opinion that when all of the testimony of the short-line railroads is in, you will have reached the conclusion that they are none of them "isolated cases."

As a remedy and solution to the whole situation we would respectfully refer you to the bill 4175, introduced by Congressman Raker in the House of Representatives January 27, 1916.

This bill provides for the rate of pay as in effect in 1873—for annual instead of quadrennial weighing for relief from side and terminal service, and for reference to Interstate Commerce Commission by either the railroads or the Postmaster General any question in regard to unjust rate of pay or discriminatory action.

I will not go into details to analyze this particular bill as it has been and will be more thoroughly discussed in other papers. However, permit me to say in regard to the clause covering abolishment of side and terminal service and in answer to a question that has been asked as to how much this side and terminal service costs the railroads, that on the Sumpter Valley Railway of 80 miles it costs us \$900 per annum in addition to our regular employees handling mail, a very considerable item in comparison to revenue derived therefrom.

The question has been asked if space for mail service could not be taken from a general average of mail handled. I do not believe this applicable to any road. Taking my own road for illustration we have found it necessary in many instances in the past year to pick up an extra car out of our initial station to handle the overflow mail, and I can show where on numerous occasions this overflow has run as high as 18,000 pounds to 20,000 pounds. In every instance this would come up at the last moment, and could in no way be foreseen and prepared for. Under the space plan this mail would naturally have to be left over until the department could be notified, and an authorization for additional space allowed. This would naturally result in continually delayed mail service, and cause an unlimited amount of complaint from the patrons of the railroad.

It has been said that only a limited number of railroads of the United States are opposed to the space-basis plan, but such is not the case, they are opposed to it the short lines as well as the trunk lines.

We object to the space basis because it opens up a new and complex plan for handling our business, a new system of accounting and adjustment of earnings and expenditures.

Our whole transportation structure is based on weight. On movements of mail, of freight, of passengers, and express, all elements of cost are figured on weight basis. Under this weight plan the mail is handled at present, and the amount handled day by day, month by month, or year by year, can be ascertained the same as for freight or express.

We feel that it is both unnecessary and unwise to make any radical changes in a system that is in accordance with the present method of accounting, and is world-wide in its application to all other rates as applied to railroad transportation, especially when it is not detrimental to the Government.

All postage rates are based on weight of articles transported. Therefore, rate of pay from the Government to the railroads should be based on the same plan.

We oppose the space plan for the reason that an attempt is made to give the Postmaster General the power to determine and fix both the amount of space to be utilized and the amount he will pay therefor, also to take from the railroads their freight—their highest class freight traffic—and transport it by their best and most expensive transportation facilities at a postage rate that can not possibly be met by the railroads, and paying therefor a rate that is not remunerative to the railroads.

We do not believe that grain, flour, sugar, salt, potatoes, nails, groceries, and many other such commodities have any right for classification as mail, but we do believe such items belong to the railroads as freight traffic.

These railroads were built for the purpose of conducting a transportation business for profit. In dealing with our patrons we are supposed to receive compensation based on cost of service, the interest on investment plus a reasonable profit. The rights of the railroads to earn profits have been and are now being limited by the fixing of rates and other adverse legislation, both State and National, and this, coupled with local operating conditions, has made it almost impossible for any of them to make a legitimate profit on the business handled: in fact, few of the short-line roads are able to earn enough to pay interest on their bonds.

The requirements of the Post Office Department for the equipment to be furnished for transporting these mails is beyond reason as compared with equipment furnished for passenger or freight train purposes, yet they do not pay a legitimate freight rate for the service and require the railroads to handle their employees free of charge besides furnishing many employees for this class of service. There is no other department of the Government that requires free transportation for its employees.

A few years of extreme legislation against the railroads and it is felt by all the country served by those roads. They quit buying, quit building and expanding into new territory, and naturally the development of your country is stopped.

The closeness of the railroads to the community they serve, the upbuilding of the country, the extension of new lines into new country, and the location of settlers in that new country, and the

ultimate success of such movements all bespeak the necessity for careful legislation. Cripple the railroads and you cripple your country. We try to serve the people of our community by giving them the best we have. We are jealous of the mail service, not because we are reaping a harvest from it, but because we feel that through it we can best serve the people and thereby build up our sparsely settled communities. Especially is this true of the West where the difficulties of operation are so great and the settlements so few.

We would respectfully refer you, gentlemen, to the appeals of our different State public utilities commissioners, in the form of letters to our different Senators; copies of these letters will be filed with the committee to be made a part of the record.

In closing I would like to add that if no consideration can be given to Senator Phelan's bill, S. 4175, the short-line roads of the West—and I say for myself particularly—

Senator HARDWICK (interposing). That is Senator Phelan's bill, is it not?

Mr. PENGRA. No; I think Mr. Raker presented it.

Senator HARDWICK. Mr. Raker presented the same bill in the House?

- Mr. PENGRA. Yes, sir. It is Senator Phelan's bill in the Senate—that we are perfectly satisfied—in other words, we would be glad to have the whole matter turned over to the Interstate Commerce Commission. We feel that they are a body of men that are thoroughly capable of taking care of this question. They have devoted a great many years to the study of the rates. They fix all the rates in regard to freight traffic, passenger, and express and should be taken into consideration in regard to this matter.

Senator MARTINE. You, in common with the rest of your friends, insist upon a yearly weighing as being an equitable weighing?

Mr. PENGRA. Yes, sir.

Senator MARTINE. And you would be perfectly willing to lend your aid and to weigh the mails practically, in the presence of a properly authorized officer of the Government, if you were relieved from the transportation of the mails from the depot to the post offices?

Mr. PENGRA. I would be willing to do so, yet I would like to say, Senator, that I do not think it would be fair to ask us to do it.

Senator MARTINE. To weigh the mails, you mean?

Mr. PENGRA. Yes, sir.

Senator MARTINE. You weigh your own commodities—the freight you transport. Why not do the same thing for the Government?

Mr. PENGRA. I would be perfectly satisfied to do that in case the basis of pay is so adjusted that it would compensate us for the extra trouble.

Senator CATRON. You would want the weighing annually, would you not?

Mr. PENGRA. Yes, sir.

Senator MARTINE. And you would be willing to perform the service if you were relieved from the necessity of transporting the mail from the depot to the post office?

Mr. PENGRA. Yes; we would be very glad to do it.

Senator HARDWICK. You weigh the freight for your freight customer, every customer you have, do you not?

Mr. PENGRA. Yes, sir.

Senator HARDWICK. Then why not do the same thing for the Government?

Mr. PENGRA. You understand that there is quite a difference in the freight rates and the Government rate. In other words, we are paid high enough rates for the transportation of our freight to take care of the extra cost to the railroads in weighing.

Senator HARDWICK. The same employees could weigh it, could they not?

Mr. PENGRA. Well, certainly.

Senator HARDWICK. Then that is the answer. It doesn't cost you anything extra to do it.

Mr. PENGRA. Yes; all that time is figured and charged up to the different accounts.

Senator HARDWICK. I know, but they work eight hours a day anyhow, don't they?

Mr. PENGRA. They work eight hours, but you understand in connection with that that it would possibly be necessary to get our trains down to the terminals at an earlier period.

Senator HARDWICK. And that might involve some extra expense?

Mr. PENGRA. Yes.

Senator HARDWICK. But the expense would not be large?

Mr. PENGRA. No; it would not be large, and I would say that the expense that would be cut up by cutting out the side and terminal facilities would more than compensate us for that expense.

Senator HARDWICK. In a growing community, where there is more to get the advantage from year to year, I should think it would pay every one of you to have the weighing done right along by your employees?

Mr. PENGRA. I would say so. I would be perfectly willing to do it.

Senator MARTINE. Most of your predecessors that have appeared here have acceded to that thought.

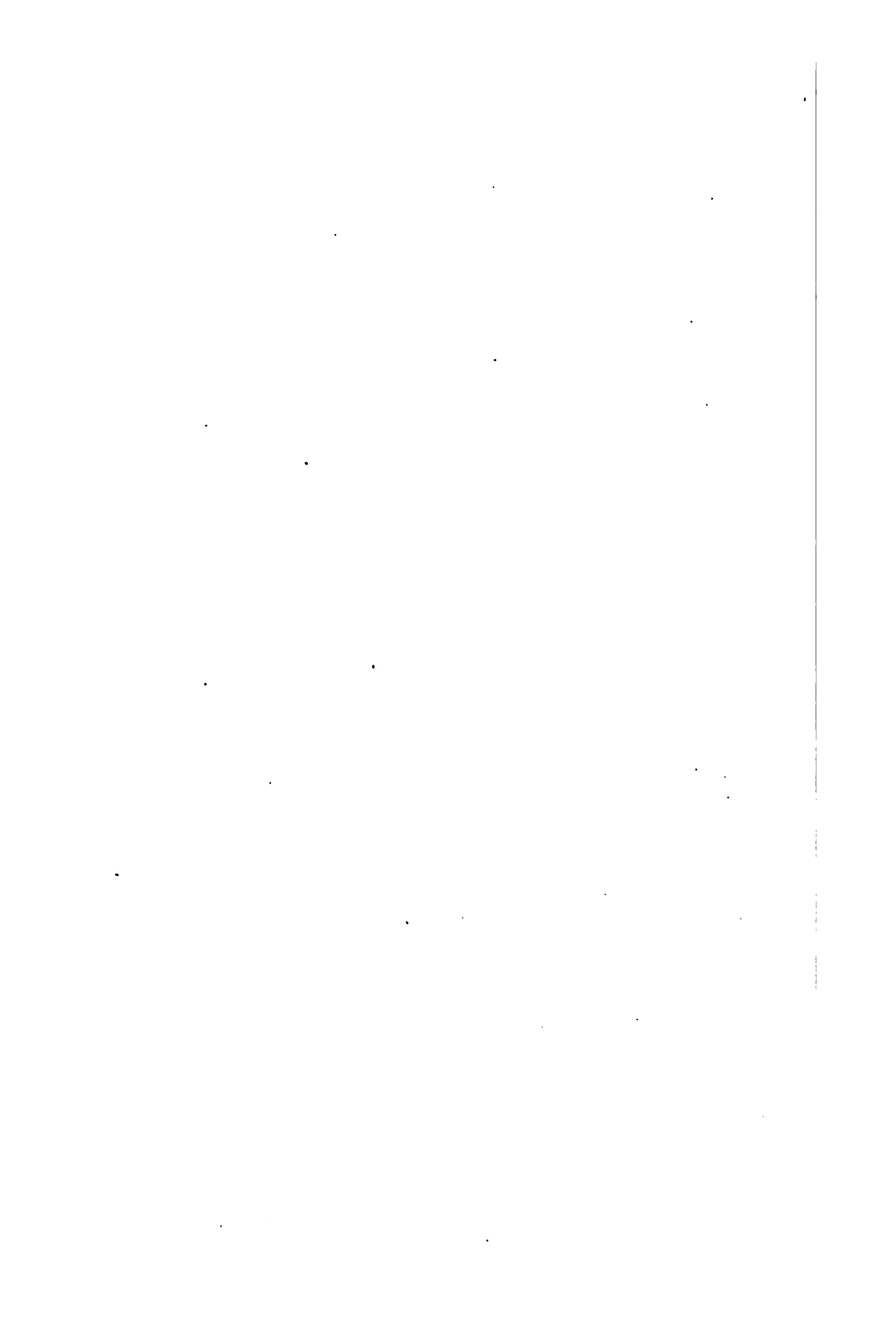
The CHAIRMAN. Are you through, Mr. Pengra?

Mr. PENGRA. Yes, sir.

Mr. ODDIE. Mr. Cooley, of Colorado, is the last one who will represent the western short-line roads, and if it would be more agreeable to the committee, he would prefer to appear in the morning.

The CHAIRMAN. Very well; we will adjourn until half past 10 o'clock in the morning.

(Thereupon, at 4.45 p. m., the committee adjourned until Thursday, March 23, at 10.30 o'clock a. m.)



RAILWAY MAIL PAY, SHORT LINES.

THURSDAY, MARCH 23, 1916.

UNITED STATES SENATE,
COMMITTEE ON POST OFFICES AND POST ROADS,
Washington, D. C.

The committee met at 10.30 o'clock a. m., pursuant to adjournment, Senator John H. Bankhead presiding.

Present: Senators Bankhead (chairman), Smith of South Carolina, Swanson, Martine of New Jersey, Vardaman, Hardwick, Beckham, Penrose, Townsend, Catron, Weeks, Sterling, and McLean.

The CHAIRMAN. The committee will come to order.

We will be glad to hear you, Mr. Anderson.

STATEMENT OF MR. A. W. ANDERSON, VICE PRESIDENT AND GENERAL MANAGER OF THE CHARLESTON & WESTERN CAROLINA RAILROAD, AUGUSTA, GA.

MR. ANDERSON. Mr. Chairman and gentlemen, I have not prepared anything for this hearing, for the reason that I had hoped not to burden the committee with what I would have to say on this subject again.

However, our lines in our section are not very numerous represented, and for fear it might indicate some lack of interest in the matter, I thought it best to appear.

Senator PENROSE. How many roads do you represent?

MR. ANDERSON. I am vice president and general manager of the Charleston & Western Carolina Railroad, a line 350 miles long, running from the coast to the Piedmont section of South Carolina, Greenville, Spartanburg and Anderson.

Senator PENROSE. Is that an independent road, or is it affiliated with any trunk line?

MR. ANDERSON. It is an absolutely independent road. The conditions existing on the Charleston & Western Carolina road, although it is a road of 350 miles, are similar to the conditions existing on nearly all of the lines in our section of the country that are not on heavy mail routes.

Our present pay for handling of an apartment car with the mail agent, and giving him the same attention that is necessary to give all branches of our service—for this we get about 8 cents per mile.

The CHAIRMAN. You do not operate any full cars?

Mr. ANDERSON. No, sir; our mail averages something less than a thousand pounds per route per day.

Senator MARTINE. How long is your road?

Mr. ANDERSON. Three hundred and fifty miles. Now, Mr. Chairman, if this bill becomes a law it will make it possible, and it seems to me must make it almost obligatory upon the Post Office Department to take advantage of all the space that they are renting from the railroads, and for which they are paying. I think that is a natural consequence of a law of this kind. If you hire to the Government a car 60 feet long and pay them so much per mile for it, it seems to me inevitably that the Postmaster General, or the Post Office Department, must try and fill that car. Now, we can not escape that. I do not know—I am not so certain but what it would be the duty of the Postmaster General under the law, under the implied intent of the law, to say the least of it, to try and use that space and get all of the earnings he could for the Post Office Department.

Senator MARTINE. But he could not put more in there than he had to put in. He could only take what mail came.

Mr. ANDERSON. That is very true, Senator, but he could make some very determined effort to increase the matter that might go into those cars. And as I have stated, it would be not only his right to do it but would it not be his duty to do it?

Now, if that is true, must it not follow that the Post Office Department is going to reduce the rates in order to bring about enough business to fill that space that they are paying for? Isn't that the logical result of this thing?

Senator MARTINE. Well, I do not know. We are not discussing so much the reduction of rates as the advisability of adopting a space basis for weight.

Mr. ANDERSON. I know, sir; but that is what I want to discuss. I want to discuss the probability—and it seems to me almost the necessity of the Postmaster General to pursue that course. It seems to me it would be almost the necessary results of a bill of this kind.

Senator TOWNSEND. That is the object of the bill.

Mr. ANDERSON. That is the object of the bill, Senator, and we can not get around it.

Now, on my line of road let us see what would be the result with the present parcel-post rate. The present parcel-post rate is \$1.08 in the first zone, 150 miles for 100 pounds, or, in other words, 54 cents for a 50-pound package. But as we can ship any number of packages we want to, I am just going to deal with 100 pounds as a basis.

The Post Office Department would get \$1.08 for handling 100 pounds. Now, if the Government rents from us a 60-foot car and loads 20 tons of freight, the Government would get \$432 for what they would pay us \$28.14. Now, the reason why I feel alarmed at a proposition of that kind is that it must of necessity follow that the Postmaster General is going to fill the cars and all of the cars that he can possibly fill at the rates now existing; and if he can not fill them at the present rate, isn't it inevitable that he is going to reduce the rate and still get his return on the business?

Senator SMITH of South Carolina. Mr. Anderson, you say that under the present rate, which is 21 cents a mile, you would receive \$28.14 for handling a car a certain distance on your road—in round numbers \$28?

Mr. ANDERSON. Yes, sir.

Senator SMITH of South Carolina. If the Government fills that space at the present time with parcel-post matter, they would receive about \$430?

Mr. ANDERSON. Yes, sir.

Senator SMITH of South Carolina. Have you figured what then would be the actual cost per hundred pounds to the department?

Mr. ANDERSON. No, sir; I can not figure that, because I do not know what the department—

Senator SMITH of South Carolina (interposing). I mean for transportation.

Mr. ANDERSON. For transportation it would cost them about 2 or 3 cents a pound—I don't know. Some of you lightning calculators give me that. Mr. Bradley, tell us what it would be.

Mr. BRADLEY. About 40 cents a hundred.

Mr. ANDERSON. That is what I thought. Now I want to follow the idea just a little further as to the result that would necessarily come if the Post Office Department should reduce its rate on parcel post from \$1.08 to 54 cents, or just cut it in half. The department would still get \$216 for the use of that car, for which they would pay us \$28.14; not to mention the fact that that they would take away from us first-class freight that we would otherwise be able to charge the regular rate on, and get pay for what we haul. Let us follow it still a little further. If they should reduce the parcel-post rate to 28 cents per hundred pounds, instead of the present rate of \$1.08, they would get \$108 for a car that cost them \$28.14.

The CHAIRMAN. Therefore you argue that it is possible, with the tremendous business transactions of the Post Office Department, that in order to increase their revenues, they could reduce their rate to a very low figure and fill up their cars and take the business away from you?

Mr. ANDERSON. Yes, sir. And are they not obliged to do it? My experience—and I have no doubt but that it is the experience of all the railroad people here—is that the Post Office Department is going to take advantage—now, I do not mean advantage in any offensive sense—they are going to take advantage of the law, and, is it not their duty to take advantage of the law and to do the best they can with the means that have been placed before them to make the Post Office Department self-sustaining? We can not get around that, that that is what is going to come. That is what they are driving at right here. It has been stated by Chairman Moon on the floor of the House that if this bill becomes a law the parcel post of the country would be handled without additional cost to the Government. And that is a fact. That is exactly what is going to happen. We are already not being paid for what we do, and under this bill it would be destructive of our freight rates. It would put us out of certain classes of business.

Senator CATRON. Under this bill, will you get less on parcel post than you did before?

Mr. ANDERSON. No, sir; I do not say we would get any less on the parcel post than we did before, but I would say it would be within the power of the Post Office Department to make us get a great deal less.

Senator VARDAMAN. How would it be within their power to do that?

Senator TOWNSEND. He just explained that.

Senator VARDAMAN. Well, if you have explained it I will get it in the record.

Senator MARTINE. He said they could do it by filling or packing the car, by lowering the postal rates, or increasing the pounds of weight, and thereby pack the cars to their capacity.

Senator VARDAMAN. They have got to have some congressional permission to reduce rates.

Mr. ANDERSON. There was not any congressional permission to increase the weight.

Senator MARTINE. To increase the weight?

Mr. ANDERSON. Yes; increasing the weight of packages. Now, the Moon bill provides for a fixed maximum of 50 pounds. It does not allow them to increase that, but I do not know that the bill says anything about increasing rates, and whenever the Government can haul at a profit of two or three or four or five hundred per cent, you know it is not going to stick to the present high rates. I say high rates—the present rates.

Now, if we should go even as low as 27 cents—I will say even as low as 27 cents—instead of the present rate of \$1.08—

The CHAIRMAN (interposing). Excuse me a minute, right there. Under the law now, giving the Postmaster General that discretion he has with reference to parcel post, he does not need any further legislation to reduce the rates, does he?

Mr. ANDERSON. No, sir; that is my understanding. He can reduce the rates to anything he wants to; and certainly it looks to me very much like the law contemplates taking advantage of the opportunity to increase the business at the very lowest possible cost to the Post Office Department.

Now, all rates from Spartanburg to Augusta on first-class freight is 61 cents a hundred. It will be possible for the Post Office Department to charge—

Senator CATRON (interposing). You mean on freight?

Mr. ANDERSON. Yes; on first-class freight. It will be possible under this bill for the Post Office Department, before they got down to a point where they would be below what it would cost them, to reduce that parcel-post rate to 7 cents a hundred pounds. Don't take my word for it, and don't say I am giving alarming figures, but take a pencil and piece of paper and figure it out yourself. That is exactly what it will make possible. Well, now, you can contemplate just for a moment what the result would be if the Post Office Department goes into a reduction of rates, for instance, to anything like as low as 13½ cents. Why, they would still get \$54 for the use of the car that they paid us \$28.14 for, even at 13½ cents, as against the present rate of \$1.08, and still make a profit of nearly 100 per cent. Well, I imagine the Post Office Department don't want anything better than that; and I imagine if they would go before the people of this country and let the people know that they were getting twice as much for hauling the stuff as they were paying the railroads for

it, that the people would say, "Well, you should reduce the rate. The Government ought not to make such a big profit on its business."

Senator PENROSE. Do you favor referring this matter to the Interstate Commerce Commission?

Mr. ANDERSON. I do, Senator. I do not see how we are ever to settle this matter any other way to the satisfaction of all concerned.

Senator PENROSE. I have been a member of this committee for 20 years, and we haven't settled it yet.

Mr. ANDERSON. No, sir; that is true, and I have been 20 years now coming to Congress, begging for bread. You all know how much we have got even in those years.

The question was asked the other day, if there was a lower rate charged to the big shippers. In other words, does the Government get any advantage from being a big shipper? I say to you, they get a tremendous advantage for being a big shipper. You take the present rate of pay for the railroads, and the first 200 pounds they are paid \$50 per mile per year for it. Now when it gets down to 5,000 pounds, they are paid \$200 a year. Or in other words, for fifty times as much business they are paid only eight times as much money. A route on which 5,000 pounds is handled per day, we get \$200 for. That rate has been reduced since 1873 to now, to where we are now paid \$42.55, as against \$50 in 1873 for the hauling of 200 pounds.

Senator MARTINE. Are you opposed to the quadrennial weighing?

Mr. ANDERSON. Yes, sir; I think it is only justice that we should be paid for what we handle, and it seems to me the only way to approach that with fairness to the railroads and fairness to the Government would be to weigh the mail once a year.

Senator MARTINE. Would you, as one of the representatives of the railroads, be willing to pay for the cost of weighing, or lend your labor or aid in the presence of an authorized Government official to have the weighing done?

Mr. ANDERSON. I would be willing to do it until this matter was settled. I would dislike very much, with burdens we now have, and absolute loss we are now suffering in the handling of the mails, to take on any additional expense. We handle side service, terminal service, and all that kind of thing now.

Senator MARTINE. Suppose the matter of transporting the mail from the railroad station to the post office were eliminated; would you then be willing to weigh the mail as authorized by the Government without expense to the Government?

Mr. ANDERSON. If we can not get it done any other way, we will do it.

Senator PENROSE. I think most of the railroads have agreed that they would do that.

Mr. ANDERSON. Rather than not have it done, we would do it.

Senator MARTINE. Yes; that is true, they have agreed to it.

Mr. ANDERSON. Now, as giving you an instance of the injustice of the present methods of the department—again I say I am not complaining of them for doing that because it is within the law, and when a law is passed and says you can do so and so, it looks to me very much like an invitation to go and do it and get all the advantage you can out of that law. Now, at Anderson, S. C., the post office is about one-fourth of a mile from our station. The best contract that I have been able to make—and you can imagine I have tried to get

it pretty low—was \$180 per year for handling that mail to and from the post office, and the only way in which I got it at that price was because the other roads paid the same man. Now for that service we are paid \$10 a year, about one-twentieth of what we pay for it. They say to us now they are going to add the distance from the railroad to the post office to our mileage; and on that particular branch we are paid about \$42.75 per mile per year, so you can figure for yourselves that we get out of it \$10 for what we pay out \$180 for. I mentioned just to show you that there are so many little things of that kind in connection with the business that cost us money, that it makes it away yonder below the cost of handling the service.

Senator SMITH of South Carolina. You mean that the distance from your station to the post office is one-fourth of a mile, and it is just added as though it was a continuation of your railroad?

Mr. ANDERSON. Yes, sir.

Senator SMITH of South Carolina. And you are paid upon the basis of the railroad rate, and that pro rata share is \$10, and when you hire an extra man to carry that mail it costs \$180?

Mr. ANDERSON. That is exactly the condition we are laboring under under the present law. Now we are asking that this side service be eliminated and let the department take care of that as best they may. And you well understand how much easier the Post Office Department could do it at Anderson, S. C., than we could, for the reason that they would have it for all the mails and might hire a man to do all the work.

Senator PENROSE. Still, as a matter of fact, wouldn't that impose an enormous burden of detail on the Government?

Mr. ANDERSON. Why, I do not know, sir. It had not occurred to me that it would.

Senator PENROSE. Then you consider the many thousand places mail is distributed from the cars, and if the Government took up that branch of it it seems to me we would have to enlarge the Post Office Department.

Mr. ANDERSON. Well, you take the side service which we are performing—

Senator PENROSE (interposing). It seems to me we had better pay the railroads a little more money and have them attend to it.

Mr. ANDERSON. You take the side service now within 80 rods, where we deliver the mail to and from the post office. Our road necessarily must have its agents do it. We can not afford to go out and pay men to do it. It would be an enormous expense to us and would result very disastrously, because it is a struggle for us now to make a decent living.

Senator CATRON. You think the Government might do that service through the post office?

Mr. ANDERSON. I was going to get to that. It seems to me now that it is just as reasonable—much more so—for the Government to have its postmasters look after that mail. They have got to be at the post office, and why can't they go down there and get the mail as well as make us do it? If it is proper for us to do it, why would it not be just as well for the postmaster to do it? I suppose they would have to pay something for it.

Senator CATRON. Do they do it at the offices that are more than a quarter of a mile away from the station?

Mr. ANDERSON. Yes; where it is more than 80 rods.

Senator CATRON. That practice could just as well be applied to the other post offices, could it not?

Mr. ANDERSON. Yes, sir; I think so.

Now, as evidencing the disposition of the Government to take advantage of all the opportunities given them under the law, I had this experience a few years ago. There was a walkout or a strike or something of that kind on the Georgia Railroad, the through line between Augusta and Atlanta, where there is a considerable amount of mail handled. During their trouble the mail was diverted through Greenwood, S. C., via the Seaboard and our line. At the Greenwood the two depots, the Seaboard and ours, are, we will say, 100 rods apart—I do not know just what the distance is, but about 100 rods. The post office from the Seaboard is less than 80 rods, and the post office from our depot is less than 80 rods.

Now, mind you, we did not get one single cent for hauling that extra mail. It was simply added to our route, and we had to carry the mail. We had no objections to doing that under the circumstances. The Post Office Department, instead of delivering that mail from the Seaboard line to our depot, carried it to the post office from the Seaboard, and had us to carry it from the post office to our railroad, thereby necessitating both of us handling it. And not satisfied—we were using a negro and pushcart to handle the mail from the post office—the most economical way we knew how to do it—and on this particular occasion there was more mail than this fellow could carry, and he didn't get there in time—he had to make two or three trips—and the consequence was the Government fined me \$75 for failure to get that mail off.

Senator SMITH of South Carolina. How much were they paying you for the extra work?

Mr. ANDERSON. Not a cent.

Senator MARTINE. And it cost you \$75 clean outright?

The CHAIRMAN. It cost you \$75 out of nothing.

Senator TOWNSEND. In a general sense, what are the sources of your earnings?

Mr. ANDERSON. Our principal business, I should say, is coal. We have gotten to be quite a coal line.

Senator TOWNSEND. What I mean is, you get revenues from passenger, freight, mail, and what else?

Mr. ANDERSON. And express.

Senator TOWNSEND. If anyone of these is conducted at a loss, how do you continue to pay dividends and money on your stock?

Mr. ANDERSON. We have never paid the stockholders any dividends.

Senator TOWNSEND. How do you continue to pay expenses?

Mr. ANDERSON. I don't know. Sometimes I think it is a wonder that we do. But, Senator, the only way that we can possibly do it is to get it out of some other branch of the service. That is all. We have got to charge more for freight if we can not get it out of the passenger business, and if we can not get it out of the mails we must charge more for passengers and freight or something else. I was talking to a very intelligent farmer week before last, and he said:

Why, Mr. Anderson, the farmers of this country don't care anything about passenger fares. They have made a great to-do over it in all the States, but we don't care anything about passenger fare. I don't get on the train more than once a month, and then, probably, whether it is 3 or 2 cents, would make a difference of 50 cents to me. But every

day I am shipping the products of my farm, and if I have got to pay out in freight rates and make up what I gain on parcel post or something else, I don't see where I am profiting any by it.

Senator MARTINE. You say you have never paid the stockholders anything? What amount of stock have you out?

Mr. ANDERSON. We have about \$1,200,000.

Senator MARTINE. And what amount of bonds?

Mr. ANDERSON. We have first-mortgage bonds about \$8,000 a mile; second mortgage bonds about the same.

Senator MARTINE. That would be—8 times 3 are 24.

Mr. ANDERSON. \$28,000 a mile. The property costs more than that.

Senator MARTINE. About \$2,500,000 worth of bonds, first-mortgage bonds?

Mr. ANDERSON. Our first-mortgage bonds are about \$2,700,000.

Senator MARTINE. What amount of second-mortgage bonds have you?

Mr. ANDERSON. About the same amount. Don't you think that is pretty low?

Senator MARTINE. I think that is pretty well capitalized. Is it a single-track road?

Mr. ANDERSON. Yes, sir.

Senator MARTINE. Regular gauge?

Mr. ANDERSON. Yes; standard gauge.

Senator MARTINE. Well, I should think it was pretty well capitalized. When was the road built?

Mr. ANDERSON. Part of it—Augusta to Port Royal, Augusta to the coast—was built about 1872 or 1873. The balance of it was built later, in 1882, 1883, 1884, and 1885, along in there.

Senator MARTINE. Your stock was all issued, it is not held in reserve in the treasury?

Mr. ANDERSON. No, sir.

Senator MARTINE. It is all issued?

Mr. ANDERSON. Yes, sir.

Senator PENROSE. What is the total allowance the Government makes to your road for carrying the mails?

Mr. ANDERSON. About \$23,000 or \$24,000 a year for handling 300,000 miles of postal cars.

Senator PENROSE. I think your road furnishes the committee a good illustration, because it is a small road and is not complicated like these great through lines are.

Mr. ANDERSON. Yes; and, Senator, there is another feature of it that I do not want the committee to lose sight of, and that is that I am not giving you a particularly bad case. In other words, similar traffic conditions generally apply to our section of the country, with which Senator Bankhead is very familiar. It is as good a section of the country as there is anywhere, the Piedmont section of South Carolina. That is a good section of country, and yet for the service that we are performing for the Government there, handling the mails, we are getting nothing for it. I say nothing, we are getting \$22,000 or \$23,000 a year, and if it were not for what we conceive our duty to the patrons, the people along the road, we would do our utmost to get out of handling the mail. But if you gentlemen do not give us anything for it, we are going to continue to handle it.

The CHAIRMAN. Public sentiment would compel you to carry the mail, would it not?

Mr. ANDERSON. Yes, sir; public sentiment compels us, if no other higher motive would.

I do not know, gentlemen, that I ought to take up more of your time. If there was any question that I could answer, I would be very glad to do so. But I do hope that you will bear in mind, in considering this matter, the very serious authority that you would give a branch of the Government, an interested branch of the Government, in allowing them to fix our rates—and not only of mail pay, but to absolutely interfere with and seriously affect our freight rates.

The CHAIRMAN. Are there any questions that any gentlemen of the committee desires to ask?

Senator PENROSE. Mr. Chairman, I would like to make an inquiry as to how many more witnesses are to be heard on this subject, and how long the hearings will last?

The CHAIRMAN. I think we will get through by 12 o'clock. You may now proceed Mr. Robinson.

STATEMENT OF MR. BIRD M. ROBINSON, PRESIDENT SHORT-LINE RAILROAD ASSOCIATION OF THE SOUTH.

Mr. ROBINSON. Mr. Chairman and gentlemen, I represent about 200 of the short-line railroads of the South. We have only presented one witness, and I have called off all the other witnesses except myself, but I can not present what I have prepared under 15 minutes.

The CHAIRMAN. I think we can hear you for 15 minutes.

Mr. ROBINSON. Are you going to place that limit on me?

The CHAIRMAN. No; I guess not.

Mr. ROBINSON. I hope to get through in that time.

The Short Line Railroad Association of the South is composed of 100 railroads located in the States lying south of the Potomac and Ohio Rivers and east of the Mississippi River, including the State of Louisiana, with an aggregate of about 5,000 miles.

Senator Bankhead, as chairman of this committee, has requested us to limit the number of witnesses that we present at this hearing. With a desire to comply with his request and in view of the number of witnesses that have preceded, we have notified a number of the officials of the short lines who desired to be heard that it would not be necessary for them to come; that Mr. Anderson of the Charleston & Western Carolina, and myself would represent their interests.

I also represent, unofficially, approximately an additional 100 short lines, part of them located in the territory heretofore mentioned and part of them located in Arkansas, Oklahoma, and Texas, with an aggregate exceeding 5,000 miles, so that officially and unofficially I represent about 10,000 miles of short-line roads.

All of these roads were constructed without Federal aid of any kind. Few of them received any substantial aid from State, county, or municipal governments. Most of them were built and are still owned by independent local parties. The great majority of these railroads penetrate undeveloped sections, and but few of them have thus far produced an adequate return on the capital invested. These short-line roads are essential to the existence of the communities they serve, and they have at all times rendered the best possible service

regardless of the return received. They have served the Government by carrying the mails without adequate compensation and usually under conditions which were not only trying, but under administrative orders and requirements that we believe were unfair and unjust.

The report of the Bourne Commission shows that prior to that time four commissions appointed by Congress had investigated the question of railway mail pay, and that all of them reported no just complaint could be made by the people or the Government that the railway mail pay had been or was then excessive. Notwithstanding these official reports Congress passed an act materially reducing the railway mail pay to take effect on July 1, 1907. In addition to this the pay for the transportation of the mails was also on July 1, 1907, further reduced by the order of the Postmaster General involved in what is known as the "divisor cases," in a sum reported by him to be not less than \$5,000,000 a year. These reductions so affected the pay of the railroads for the transportation of mails that a justifiable complaint was begun and has continued ever since.

For the purpose of calling attention of the committee to the contention then made by the railroads I submit herewith copy of correspondence between the president of the New York, New Haven & Hartford Railroad Co. and the Second Assistant Postmaster General, and would be pleased to have it considered in connection with my testimony. On page 7 of that pamphlet in a letter by Mr. Joseph Stewart, then Second Assistant Postmaster General, dated June 29, 1909, Mr. Stewart gives his reason why the department refused to give annual weighings of the mail, which had been demanded by the railroads. The statement is as follows:

I shall refer to the last two suggestions first. The law leaves to the discretion of the Postmaster General the frequency with which he may weigh the mails, providing, however, it shall not be less than once in every four years. The quadrennial weighing was determined upon after the passage of the act of 1873 as being fair, and it has been believed that the compensation fixed upon such a weighing adequately covers the increase in the weights during the term. These weighings have occurred each four years upon estimates submitted to Congress for the same, and annual weighings could not be ordered without the necessary cost being submitted to and appropriated for by Congress. In this connection I have to remind you that for two years past there has been a proposal before Congress to specifically authorize annual weighings, and each time Congress has declined the proposition upon the ground that it would result in paying the railroad companies more money than would be paid upon the quadrennial weighings. It is apparent, therefore, that if the department desired to inaugurate annual weighings the action of Congress would be necessary either by appropriations to cover the cost or by specific authorization.

In connection with this correspondence Document No. 105, issued by the Post Office Department in 1911, shows in Table No. 7, on page 272, that many railroads, even according to the figures of the department, were carrying the mails at a serious and continued loss.

The report of the Bourne Commission found practically the same state of facts; that the railroads were seriously underpaid and that many of them were carrying the mail at a substantial loss.

Congressman Lloyd was a member of the Bourne Commission. In conjunction with Mr. Joseph Stewart, formerly Second Assistant Postmaster General, he appeared at the hearing before the Committee on Post Offices and Post Roads at the request of the Postmaster General, as shown on page 616 of the hearings. Acting in that capacity he participated in examining the witnesses heard by the committee. In the debate in the House on section 16 of House bill 10484 Mr. Lloyd said, as shown on page 3101 of the Congressional Record: "There can

be no question of the fact that they (the railroads) have not received pay for carrying a vast amount of mail in various years that have passed." Notwithstanding that statement Mr. Lloyd said again, on page 3102 of the Record, in discussing the space basis under the present bill: "My candid judgment is that under this bill instead of costing \$4,000,000 extra to carry out the provisions, that when it is economically administered it will not cost one cent more than the present system."

In discussing the space-basis provisions Mr. Moon, chairman of the House Committee on the Post Office and Post Roads, said, as shown on page 3104 of the Record: "Does not the gentleman know that the main feature of this bill—the only great feature in it—is a railroad proposition, and does not he know when he voted as he did he voted against the consideration of that railroad proposition that would save this country \$8,000,000 every year if carried?"

I could produce testimony from many official and unofficial sources to demonstrate that the railroad companies were greatly underpaid for carrying the mail—the mail contemplated under the Constitution—prior to January 1, 1913, and that due to an act of Congress, which then became effective, a new element was injected into the mail system. The railroad companies at that time protested against the inclusion of parcel post in the mails without adequate compensation being provided and paid. Congress authorized payment of not exceeding an additional 5 per cent, which was intended to compensate for the additional service required. Notwithstanding the very great increase in the volume of mail business resulting from the parcel post, the Postmaster General failed to pay many of the railroads, especially the short lines, any additional compensation for such additional service, and others only a part of the amount authorized.

Notwithstanding the Post Office Department admitted that many of the roads were carrying mail at a loss, with a decrease in mail pay resulting from the act of Congress effective July 1, 1907, and the further decrease resulting from the divisor orders, and notwithstanding the substantial increase from the parcel post as then administered, the Postmaster General, without legal authority, increased the limit of weight on parcel post by executive orders so as to permit shipment of not exceeding 50 pounds in the first two zones, and 20 pounds in all other zones, and increased the size of packages from 72 inches to 84 inches, thereby transferring from express and freight a large volume of business without giving the railroads any compensation therefor, and without in any way compensating the railroads for the loss incurred on the diverted articles.

In behalf of the short-line railroads, which I represent, I can not refrain from expressing our amazement at the efforts of the Post Office Department to obtain from Congress an unlimited, unreasonable, despotic, and ever-increasing power over our property, and in the control, management, and use of the same.

For the time being we waive a discussion of the serious constitutional questions involved in an attempt to confer upon the Postmaster General power to regulate commerce, and invite the attention of the committee to the following statement of the rights and powers attempted to be conferred upon the Postmaster General and of the very limited conditional rights extended to the railroads:

COMPARATIVE STATEMENT OF THE RIGHTS AND DUTIES OF THE POSTMASTER GENERAL AND THE RAILROAD COMPANIES UNDER SECTION 16 OF HOUSE BILL NO. 10484, SIXTY-FOURTH CONGRESS.

RIGHTS OF THE POSTMASTER GENERAL.

1. *To readjust compensation to be paid railroad companies for transporting and handling mail.* (P. 36, lines 6-12.)
2. *To state railroad mail routes.* (P. 36, lines 16-17.)
3. *To authorize mail service in the four classes, full R. P. O. cars, apartment cars, storage cars, and closed-pouch service.* (P. 36, lines 18-25.)
4. *To determine the number of cars and space required without any limitation.* (P. 36, lines 6-25.)
5. *To include the carriage therein of all mail matter, equipment, and supplies for the mail service and the employees of the Postal Service.* (P. 37, lines 13-19.)
6. *To carry parcel-post packages as mail in unlimited numbers, the weight of each package alone being restricted to fifty pounds.* (P. 37, lines 13-19.)
7. *To require the transportation and handling by railroad employees of mail in closed pouches.* (P. 37, lines 20-23.)
8. *To require railroad companies to deliver mail into and take it from terminal and intermediate offices and transfer between stations without compensation.* (P. 39, lines 18-25.)
9. *To add new and additional service, and to reduce or discontinue with pro rata reductions in pay.* (P. 41, lines 3-8.)
10. *To make special contracts with railroads, and pay higher rates when he alone so determines.* (P. 41, lines 9-14.)
11. *To fix and determine upon the construction, style, length, and character and furnishings of all mail cars, and to change the same at will.* (P. 41, lines 15-25; p. 42, lines 1-20.)
12. *To require station space and room for handling, distributing, and transferring mail, and rooms for employees.* (P. 43, lines 1-10.)
13. *To require the railroad companies to carry on any, and even limited trains, without charge, persons in charge of the mail, and all duly accredited agents and officers of the Post Office Department.* (P. 43, lines 11-17.)

RIGHTS OF RAILROAD COMPANIES.

1. *To receive as compensation such amounts as the Postmaster General may allow, not exceeding 1½, 3, 6, 11, and 21 cents per mile. He may also allow terminal charges from 50 cents to \$4.25 for each trip.* (P. 38, lines 1-25; p. 39, lines 1-17.)

RIGHTS OF THE POSTMASTER GENERAL.

RIGHTS OF RAILROAD COMPANIES.

14. To fine railroad companies for failure to furnish cars for distribution purposes, or for failure or refusal to construct, fit up, and maintain in heat, light, and clean said cars. (P. 43, lines 18-25.)
15. To decide in all cases upon what trains mail shall be conveyed, and to impose fines for any failure or refusal to comply with his order. (P. 44, lines 1-10.)
16. To make deductions from railroad companies' pay for reduction in service or infrequency of service, and impose fines for such delinquencies. (P. 44, lines 11-19.)
17. To require under oath a statement of the services performed. (P. 45, lines 4-7.)
18. To call upon the *Interstate Commerce Commission for statement of revenue of railroad companies from express, and may arrange for the transportation of mail matter, other than first class, at not exceeding rates so reported to him.* (P. 45, lines 16-25.)
19. To ask the *Interstate Commerce Commission for rates on carload and less than carload for fourth-class matter, and railroad companies must perform the service at such rates and under such conditions as prescribed by him.* (P. 46, lines 1-9.)
20. To distinguish between several classes of mail, and have less frequent service for third and fourth class matter. (P. 46, lines 10-15.)
21. To return to mails post cards, stamped envelopes, newspaper wrappers, empty mail bags, furniture and equipment, and other supplies. (P. 46, lines 16-20.)
22. To have mail weighed for computation purposes. (P. 47, lines 4-9.)
23. To subject the railroads to a fine of \$5,000 for refusal to perform mail service ordered. (P. 47, lines 10-14.)
2. To have benefit of full authorized space on return trip of car, unless otherwise mutually agreed upon. (P. 40, lines 17-21.)
3. To go to the Interstate Commerce Commission upon petition of 51 per cent of mileage of all railroads, and ask for an investigation of rates and a report to Congress. (P. 47, lines 15-25; p. 48, lines 1-10.)

In the foregoing statement I have italicized the most important rights or powers attempted to be conveyed to the Postmaster General. In so doing I ignore a number of minor powers that we regard as unfair and unreasonable.

We protest against the power conferred in the first paragraph of said section 16, in which an attempt is made to confer upon the Postmaster General the power to readjust the compensation paid to the railroads for carrying the mail, as now constituted.

If the mails to be transported are confined to the handling of information, and matters incident thereto, a different problem would be presented; but, under existing conditions, and where farm and factory products in practically unlimited quantities, are included as mail, a condition is presented to which strenuous objection is made.

That parcel-post packages containing farm and factory products are not mail has just been decided by the United States Circuit Court of Appeals at Philadelphia, wherein Judge Buffington, on March 6, 1916, decided that articles of merchandise shipped in parcel-post packages were subject to be opened and revalued under the internal-revenue laws of the country.

The mails are of such a peculiar nature that they should be retained inviolate, and not subject to inspection upon the part of any one, official or otherwise. The internal-revenue laws, however, can not be set aside merely for the purpose of allowing farm and factory products to be shipped by mail, and thereby evade payment of ordinary import duties.

The beginning of inspection for commercial or dutiable purposes is the opening of the door to a most dangerous practice, to which no limitation could be made, thereby destroying the necessary privacy of the mails themselves.

Senator CATRON. Are you reading from your own ideas, or the proceedings of the court?

Mr. ROBINSON. No; none of that is quoted from the court. It is an expression of my own after the place where I have used the words "internal-revenue laws of the country."

Senator MARTINE. I thought you were reading from the opinion of the court.

Mr. ROBINSON. No; I did not intend to convey such an impression.

In this connection Mr. Madden, on page 3740 in the Congressional Record, said:

Nobody knows how many packages are shipped which weigh even as high as 50 pounds apiece; but every person who has made a study of the question does know that whole carloads of 48-pound packages of brick, ore, sand, and stone, and other heavy freight, have been carried in the name of the parcel post, and I contend that that is not proper matter for carriage by mail in any such quantities.

In addition to the protest made herein to giving the Postmaster General authority to readjust the compensation to the railroads, we protest earnestly against the power attempted to be conveyed on page 37, lines 13 to 19, referred to as paragraph 6 in my parallel statement of the rights of the Postmaster General and the rights of the railroad companies. We are firmly convinced that cement, lime, coal, hardware, cheese, and such articles of commerce are not mail and can not be made mail. They are not proper articles for parcel post from a transportation point of view; they are freight and express, pure and simple, and should be permitted to remain where they belong. However, if the Government is determined to enter into the transportation business and take from the railroads their transportation facilities, it can do so only in one of two ways: First, pay therefor at the rates fixed by the Interstate Commerce Commission; or, second, it can limit the injury done the railroad companies by limiting the number of packages of such freight shipped by parcel post by any one shipper within a given time. The limitation herein suggested would, under proper regulations, prevent factories, coal mines, cement plants, and other such enterprises from shipping their products by parcel post at the expense of the railroad companies or the Government, or both.

The law governing railway-mail pay has never required railroad companies to make delivery of mail at terminal or intermediate

offices, and we protest against the attempt now to incorporate such a requirement into the law as is shown on page 39, lines 18 to 25, referred to as No. 8 in my parallel memorandum of rights.

All such requirements heretofore made of the railroads have been under administrative orders of the Post Office Department, and it has been the cause of more protests and opposition from the railroad companies than almost any other requirement in connection with the carrying of the mails.

The railroad companies have equipped themselves to transport freight, express, passengers, and mail on rail from point to point on their lines. Few of them, if any, are equipped to handle traffic beyond their stations, and they are expressly prohibited by law from so doing.

The side and terminal service is in most cases a serious burden. In many cases it necessitates the disbursement of a large per cent of the total amount received from the carrying of the mails, and in some instances the expense of such side-and-terminal service exceeds the total amount received by the railroad companies for carrying the mails.

In the debate in the House Chairman Moon made the statement, and like statements were made by several members of his committee, that the provision in the proposed law on page 41, lines 9-14, referred to as No. 10 in my parallel memorandum, authorizes the Postmaster General to make special contracts with railroads and to pay higher rates when he so determined, and that if any railroad was underpaid or not satisfied with the compensation received it could go to the Postmaster General and make a contract and receive higher compensation. We submit, in view of our experience with the Post Office Department in connection with the special 5 per cent appropriated by Congress to be paid as additional compensation on account of the parcels post, that this provision will be entirely delusive in securing any beneficial effect.

The railroad companies, no matter how unfairly treated, or how much they are underpaid, could do nothing more than to appeal to the Postmaster General for an increase in compensation, and the discretion would be solely within his power, which discretion as has been shown, would not be exercised against the financial interests of the Government.

On pages 41, lines 15-25, and 42, lines 1-20, referred to as No. 11 in my parallel memorandum, an attempt is made to give the Postmaster General absolute and unconditional power and authority to require railroad companies to furnish mail cars of such construction, style, length, and character, and with furnishings, as he may determine. We are of the opinion that reasonable authority with reference to mail cars should be conferred upon the Postmaster General, but we protest giving that official unlimited powers with the right to change plans and specifications at will.

Senator MARTINE. Has that ever been abused?

Mr. ROBINSON. They have not had the authority heretofore as it is proposed in this bill.

Senator MARTINE. I asked if it had been abused in the past?

Mr. ROBINSON. I am not prepared to answer that, in fact.

The great majority of the short line railroads that I represent are not in a position to construct or purchase steel cars, except under

most favorable conditions, and they ought not be made do so. These short line railroads, as a rule, do not operate fast trains, hence do not require steel cars. In fact most of them could not pay for steel cars if required to furnish them, and we protest against empowering any official to order such equipment at will.

We are of the opinion that we should be paid for the service rendered, and that the question of the exact character of the instrument used on our lines is not one of such importance as to justify the creation of an autocrat who can force upon us unreasonable burdens in connection with the instrument to be used.

We object to the unlimited authority to take station room and space for handling, distributing and transferring the mails, and rooms for employees, as attempted to be conveyed upon the Postmaster General on page 43, lines 1-10, referred to in No. 12 in my parallel memorandum. Our objection goes to the unlimited authority conferred without making proper provision for compensation for the rooms so appropriated. We are of the opinion that rooms in stations required for the distribution of the mails and rooms for postal employees, is not a part of the transportation of mail and can not be so considered, and that such property can not be appropriated without just compensation.

On page 45, lines 16 to 25, No. 18 in my memorandum, the Postmaster General is authorized to call upon the Interstate Commerce Commission for a statement of express revenues of the railroad companies, and he is authorized to ship all mail matter other than first-class at rates not exceeding those so reported to him, and it is made the duty of the railroad companies to carry such mail at such rates fixed by the Postmaster General. This paragraph, to the extent provided, permits the Postmaster General to appeal to the Interstate Commerce Commission for information as to the express rates, and there is made a requirement that the railroads handle the mail, other than first class, at rates not exceeding the rates indicated by information supplied by the Interstate Commerce Commission, which in effect authorizes him to make such rates as to attract to his mail car, not only the express business, but a very large amount of the freight business, and he would be authorized thereunder to have all of this freight transported on passenger trains.

On page 46, lines 1 to 9, referred to as No. 19 in my memorandum, the Postmaster General is authorized to petition the Interstate Commerce Commission to fix postal carload and less than postal carload rates for the transportation of mail of the fourth class and periodicals, and the railroad companies are required to transport such carloads or less than carloads at such rates on the conditions prescribed by the Postmaster General, thereby enabling him to gather up freight and express and have them transported on mail trains, notwithstanding freight is not carried on passenger trains, and express only upon certain passenger trains.

We call your especial attention to the fact that the two last-mentioned paragraphs authorize the Postmaster General to go to the Interstate Commerce Commission to obtain their assistance in such matters as will enable him to decrease the amount paid for the transportation of mails, regardless of the rights of the railroad companies, and that the Interstate Commerce Commission is given no authority to hear the railroads as to the reasonableness of such

rates, orders, or requirements. These provisions would give to the Interstate Commerce Commission jurisdiction at the instance of the Postmaster General to the extent of fixing the postal carload and less than carload rates for fourth-class mail matter, but it would prevent the commission from having any voice in the fixing of any other rates and the railroads, the parties in real interest, would be barred from participating or being heard in the matter. This last paragraph would authorize the Postmaster General to petition the Interstate Commerce Commission for rank discrimination in the transportation of the commodities referred to.

On page 46, line 1015, referred to as No. 20, in my memorandum, unlimited authority is conferred upon the Postmaster General to delay third and fourth class matter. This authority, coupled with the authority to have postal carload and less than carload rates made, would result in enabling the department to delay the mails for the purpose of taking advantage of a discriminatory carload rate, regardless of the injurious effect upon the public and upon the railroad companies.

In behalf of the short line railroads I enter a most vigorous protest against provision on page 47, lines 10 to 14, referred to as No. 23, in my memorandum, under which the roads can be subjected to a fine of \$5,000 for refusing to perform mail service as it may be ordered by the Postmaster General under the extraordinary, despotic powers attempted to be conferred under section 16 of this bill as a whole.

Senator MARTINE. Do you object to the general idea of a penalty, or to the magnitude of the penalty?

Mr. ROBINSON. First to the magnitude, and second, I see no reason why the railroad companies should be compelled to carry the mail, except at rates and under some reasonable provision made by someone other than the shipper.

Senator MARTINE. You object, then, practically to the whole provision of penalty, as well as to the magnitude of it?

Mr. ROBINSON. We would not object to a penalty if the authority was vested in a competent, disinterested party to fix the rates and other conditions.

Senator MARTINE. What would the law amount to without a penalty?

Mr. ROBINSON. I do not believe, Senator, you caught my answer. I say we would not object to a penalty, even a large one, if the rates and conditions were fixed by a competent disinterested body, and not by the shipper himself.

Senator VARDAMAN. You could not have any sort of effective service, Mr. Robinson, without some power like that being vested in the Postmaster General, could you?

Mr. ROBINSON. In answer to the Senator I would say that we have had the most effective and the most efficient service in this country of any country in the world, and we have not had any such power or fines within my knowledge, or any such power to enforce punishment.

Senator MARTINE. It has not been invoked. The railroads have been sensible and discriminating enough to obey the law. As a loyal citizen you will not rebel against the law.

Mr. ROBINSON. I do not rebel against the law. I try to obey it under all circumstances.

Senator VARDAMAN. One gentleman testified a little while ago that he had been fined for doing something he could not help.

Mr. ROBINSON. That is a different kind of a fine.

Senator VARDAMAN. But the principle is the same.

Mr. ROBINSON. I agree with you, the principle is the same, but the real question is that the law ought to be so drawn, limited, and guarded, that it could not be unfairly administered. The railroads that I represent have not only served the Government faithfully and efficiently at all times but have done so in many instances under most trying circumstances and at a financial loss. We can not believe that it is reasonable, fair, just, or equitable to give anyone authority to impose a fine of \$5, or any other like sum, for the refusal to perform a service under conditions that may be imposed under the autocratic powers conferred in this section.

As against all of the rights and powers attempted to be conveyed under section 16, I call attention to the very limited and conditional rights and benefits that are therein provided for the railroad companies. On pages 38, lines 1 to 25, and 39, lines 1 to 17, certain rates are named as amounts to be paid railroad companies for the transportation of mail, but no specific rates are guaranteed or assured to the railroads. All of the line rates named are maximum rates only and the Postmaster General is duly authorized to pay any amount less than said rates that he may determine.

The provision also contains a clause in which it is provided that the Postmaster General may allow certain terminal charges running from 50 cents to \$4.25 for each trip. The railroads under such provision are not given any right to demand or collect such so-called terminal charges. The Postmaster General may allow any part of the sums mentioned. He may allow one sum to one road and a different sum to another road for a like service, or he may allow for such terminal service in one section and refuse to allow anything for similar service in another section. In other words, there is no legal assurance that the railroad companies will be paid any given amount for any given service.

In the debate in the House, and in statements made before this honorable committee, it was said that the Postmaster General would, of course, pay the railroad companies the amounts enumerated in the bill, and that statement has been supported by the statement that the Post Office Department has always paid the amounts fixed by the law. I wish to give you one personal experience to demonstrate that the foregoing statement is not true in fact. At one time I made a contract with the department for carrying the mail on the Tennessee Railway, of which I was then president. I extended that road some miles and the department proposed to extend the mail service. Upon invitation I visited the Second Assistant Postmaster General, and he offered to pay the Tennessee Railway the sum of \$13.75 per mile per annum for carrying the mail on the new extension. I declined that proposition for the reason that the price was wholly inadequate, and I asked for the price fixed by law, namely, \$42.75 per mile per annum, which he refused to pay. I thereupon declined to carry the mail. Some 8 or 10 months later, in response to a very insistent demand of the local Member of Congress, the Second Assistant Postmaster General again applied to have the mails carried on the said new extension of the Tennessee Railway, and I again

visited the department to discuss the matter. He then said that they would pay \$42.75 per mile per annum, and I filed necessary distance circular, and have since been carrying the mail at that price.

I mention this for the purpose of calling attention to the fact that the department has in the past attempted to fix rates below those authorized by the law, and I call your attention to the fact that if the provision for a \$5,000 fine had then been in force I would have been compelled to accept the ridiculous offer made by the Second Assistant Postmaster General and would have been forced to serve the Government without receiving even the inadequate compensation named in the law for such services.

The short-line railroads that I represent fear that the Postmaster General will, under the extraordinary powers given him in section 16, not only make burdensome requirements, but will not pay even the limited amounts authorized, and that he will enforce his order and compel the service to be performed regardless of the price, with the club of a \$5,000 fine.

I call especial attention to the only definite right conferred upon the railroads under section 16, page 40, lines 17-21, referred to as No. 2 under rights of the railroad companies in my memorandum, in which it is provided that the railroads shall be paid for full space authorized on the return trip of a car even if not filled by the Post Office Department, but even in this case there is a provision that the railroad companies shall not be paid for such return trip should they use the car, or that it be otherwise mutually agreed upon.

The short-line railroads that I represent are vitally interested in the provision on page 47, lines 15 to 25, and page 48, lines 1 to 10, referred to as No. 3 under rights of the railroads, in my memorandum, under which the railroad companies may appeal to the Interstate Commerce Commission for an investigation, provided 51 per cent of the mileage of railroads carrying mail join in the request for such investigation.

It is a fact that the short-line railroads are the ones which deserve the greatest consideration in connection with mail pay, for the reason that it is admitted that none of them receive adequate compensation for carrying the mails. The short-line railroads constitute a very considerable percentage of the mileage of the railroads of the United States, but under the provision referred to they could not go before the Interstate Commerce Commission unless their grievance was the same as the grievance of 51 per cent of the mileage of the railroads, and as the relief demanded by the short lines is in the great majority of cases quite different from that demanded by the trunk-line roads, it would be a practical impossibility for the short-line railroads to ever secure a hearing before the Interstate Commerce Commission.

If Congress should enact section 16 as it now exists, or as it may be modified, we urge that at least the provision authorizing the appeal to the Interstate Commerce Commission shall be such as to enable the short-line railroads to be heard.

Now just a few more words. I respectfully submit that the courts would set aside as unconstitutional and void a voluntary contract made between parties where the rights, privileges, and benefits were on one side to the extent proposed in section 16, and if that be

true, Congress ought not to impose such an unreasonable, unfair, burdensome measure upon the railroads, and drive it home with confiscatory fines.

I now come to the question of the proposed change from weight to space as a basis for handling the mail, and I take the liberty of reproducing to a limited extent a part of my testimony before the House committee. I have about a page and a half. Will you permit me to read that, or shall I put it in the record?

Senator VARDAMAN. Just put it in the record.

(The matter referred to is here printed in full as follows:)

We oppose the space basis for the reason that practically everything in connection with it will be uncertain. We believe that the law of the land should be definite and free from ambiguities and uncertainties.

We are of the opinion that it is not possible to frame a law that can fix and determine the amount of space that will be required by the Government on the hundreds of mail routes now being operated.

We are of the opinion that if the space was so fixed and determined by law, conditions would change from time to time and the space provided for would soon become either too small or too large, hence would become unfair and unjust either to the railroads or to the Government.

Second, we oppose the space plan outlined in the bill and as urged by Post Office Department, for the reason that the attempt is made to give or transfer to the Postmaster General the power to fix and determine both the amount of space to be appropriated and the amount he will pay therefor.

Greater uncertainty could not be injected into a law. It is proposed to place that extraordinary, despotic power in the hands of or within the discretion of an unknown individual. No one knows when the present Postmaster General may cease to occupy that position, and no one can know who will succeed him.

Under the proposed law the railroads can not know what will be required or demanded. That all-important matter would be placed exclusively in the hands of the shipper, the Postmaster General, and he would necessarily be guided to a great extent by subordinates. The railroads, the real parties, who furnish practically everything, would have no voice in the matter and no real remedy, but they would have the certainty of incurring a fine of \$5,000 in the event they attempted to resist even the unjust order of the autocrat created by such a law.

Third. We oppose the proposed space basis for the reason that it would enable the department to do two all-important things:

(1) Take from the railroads their best and most expensive facilities, to be used by it in a most unfair competition with such roads for their highest class and most remunerative traffic.

(2) The railroads would have no voice in making rates charged by the Government on the commodities and traffic thus forcibly taken from them, but which they nevertheless transport on passenger trains under the most expensive conditions obtainable.

The railroads of the country have been constructed at an enormous expense, billions of dollars having been invested to create them.

These railroads belong to their respective stockholders and bondholders, and not to the Government or public as such. They were built for the purpose of conducting a transportation business for profit. The Government, both State and National, now regulates and controls the roads to an extent not dreamed of by the public generally. Their rights to earn profits have been and are now being limited by the fixing of all rates that may be charged for services, and the profits are being further curtailed by exacting requirements as to the equipment required, the maintenance thereof, and hundreds of other kinds of limitations.

This recognition, coupled with local conditions surrounding practically all of the short-line railroads in the country, has made it almost impossible for any of them to make any profit on the business handled. Most of these short-line roads fail to earn enough to pay the interest on their bonds under these conditions. They view with alarm the proposition to give to the Post Office Department the power to take from them at will their best and most valuable facilities, on its own terms, and thereby become not only a competitor, but a preferred and monopolistic transportation agency. They realize that the department would have no investment, would not have to furnish any equipment, hence have no loss or depression to meet or contend with; would be free from all regulations and restrictions of the Interstate Commerce Commission and the various State commissions; would be free from taxes; would not be subjected to the

ever-increasing demands of railroad employees; the increasing cost of everything entering into the operation and maintenance of railroads. These railroads not only realize that this new competitor would be free from all the things mentioned, but that it would in effect be free to make such rates as it desired, and could make—in fact, has already in effect—rates on commodities substantially below the rates of the railroads; that it has already attracted to the mail car hundreds of articles that can not under the broadest and most liberal construction be classed as mail.

Fourth. We object to the proposed space basis, because it injects into an already complex and complicated situation a new and different plan for handling our business.

The entire transportation structure in this country is based upon weight. That system makes it possible for all interested parties to know the quantity that is being moved and the charges that not only can but must be, under the law, the same to all shippers.

Under the weight plan the amount of mail handled can be ascertained day by day, the same as all other freight, if the Government will only permit it to be weighed. Speaking for more than 100 short-line railroads, I say we would be willing to weigh all mail the same as we weigh other freight, and that without any cost to the Government. We could in this way take this whole subject out of the realm of controversy and make it certain that the Government would pay only for actual transportation received, while the railroads would know that they were being paid the amount justly due them.

In other words, it would instantly become definite and cease to be involved in the numerous uncertainties now existing and the greater uncertainties that will exist if the space basis is adopted.

The foregoing are some of the many reasons why we oppose the proposed space basis and why we vigorously protest against giving the Postmaster General the arbitrary power to fix the amounts to be paid the railroads for handling mail at such rates as he may determine, not exceeding the amount fixed by Congress.

Mr. ROBINSON. The mail pay question ought to be settled and settled fairly and equitably. We are of the opinion that that can not be accomplished by an act of Congress, which must necessarily be general in its terms. Conditions are so different on different railroads and in different sections of the country that full and complete investigation of individual cases must be made before exact justice can be done, either to the Government or to the railroads.

We are of the opinion that the question of pay and the basis of service, including necessary incidental questions, should be investigated and settled by an impartial, disinterested body, and that that investigation go to the extent of considering all phases of the transportation involved. The Government has such an agency in the Interstate Commerce Commission, and we respectfully urge that the whole matter of the railway mail pay be referred to that body, with power to act, the same as it acts between other shippers and the railroads.

Section 16 as it now exists gives the Postmaster General the right to go to the Interstate Commerce Commission for information and for rates, and we see no reason why the railroads may not be permitted to have their rates determined by the same tribunal.

Speaking for the short lines that I represent, I would say, we stand ready at all times to serve the Government in any way we can. We have been faithful in the past, and will not only be faithful in the future but will be as helpful as is possible. In view of those facts, we appeal to you to see that no law is passed that will enable anyone to take our property without just compensation, and that no one shall be given authority to compel unreasonable service with confiscatory fines.

In behalf of the short-line railroads, I wish to thank this honorable committee for the very great consideration that they have shown us at this hearing.

Senator MARTINE. Now, let me ask, in the instance which you cited that you declined to or refused to carry the mail for the sum proffered, how long a time was there between the time of this refusal and your final agreement?

Mr. ROBINSON. Probably 10 months.

Senator MARTINE. In the meantime the public interests were set at naught?

Mr. ROBINSON. In the meantime the mail was continued to be carried by the mail carrier, as it always had been theretofore.

Senator MARTINE. But so far as your road was concerned, the public service was not subserved. Now, your railroad was constructed through that territory under the privilege and right unquestionably of eminent domain, taking people's property if they did not accede to your proffer, of course.

Mr. ROBINSON. It so happens that they did accede, and we paid for every foot of it.

Senator MARTINE. But suppose they had not acceded, the right of eminent domain would have carried your project through. Now, even after that you felt you had no sense of obligation, and the public interests were not served in that case. Now, I want to say for myself, by the eternal gods, if I had been Postmaster General it would have been very difficult for you to run your railroad during that time. I think you had an obligation incumbent upon you. We realize that you gentlemen have your rights; I realize that you gentlemen have your rights, but I do say that a proposition of that kind was not right.

Mr. ROBINSON. In answer to the Senator, I would say that the fifth amendment to the Constitution provides that the public shall not take private property without due compensation.

Senator MARTINE. I am conscious of that fact.

Mr. ROBINSON. The law authorized the payment of a definite amount for such services, but the department attempted to require my railroad to handle the mail for one-third of the legally authorized rate. In other words, the department attempted to disregard the law and take private property for public use without due compensation. The amount offered was ridiculously inadequate, and we insist that we acted not only within our legal rights, but that we were morally and equitably justified.

Senator MARTINE. Well, it is only a difference in point of view.

Mr. HARVEY M. FRIEND. Mr. Chairman, on behalf of the Copper River & Northwestern Railway Co., operating a line in Alaska, I ask the privilege of submitting a paper in writing, the data of which I have not yet received, but it is on the way.

The CHAIRMAN. You can file it with the clerk, and it will be printed. (The paper referred to is here printed in full as follows:)

WASHINGTON, D. C., March 30, 1916.

HON. JOHN H. BANKHEAD,

Chairman Senate Committee on Post Offices and Post Roads,

Washington, D. C.

DEAR SIR: Having reference to the statement made to your committee by Mr. Friend, at the close of the hearings on the Post Office appropriation bill (H. R. 10484), last Thursday, the 23d instant, that he desired, on behalf of the Copper River & Northwestern Railroad Co., a corporation owning and operating a line of railway in Alaska, to submit a statement in writing in opposition to the Moon rider on said bill, which

privilege was granted by you, we have now the honor, as attorneys for said railway company, to submit such statement, to be incorporated in the report of said hearings.

The Copper River & Northwestern Railroad Co., a Nevada corporation, owns and operates a line of railway in Alaska, running from Cordova up the Copper River to Chitina, and thence to Kennecott, a total distance of about 196 miles. It has never been designated by the Postmaster General as a mail-carrying road, and it has never carried the mails under any contract made direct with the Post Office Department. The cost of railroad construction in Alaska was excessive compared with the usual cost in the United States proper, thus adding to the fixed charges, and owing to the small population, and the fact that this company's road runs between Cordova and Chitina, a distance of about 132 miles, for which distance, owing to the absence of settlements, practically no traffic is derived, are elements which greatly increase the cost of transportation on its line over such cost in the United States. In addition, labor there is higher paid, and cost of coal to the carrier for the operation of its road is nearly, if not quite, double what such costs would be in the United States proper.

The Post Office Department, having in view the climatic and other adverse conditions in Alaska which render the general governmental rate for railway mail transportation unjust and inapplicable in that Territory, and no doubt believing that better results would be obtained by its contracting with star route carriers, and they, in turn, making separate contracts with the railway company to assist them in the carriage of the mails from time to time, was willing that such arrangements should obtain. It is under this kind of an arrangement that the company does carry the mails during a portion of each year—that is, as a subcontractor of the star-route carrier. It also, at certain times, performs what is known as "an emergency service," under an agreement with the superintendent of the railway mail service at Cordova.

On account of the heavy snows along the line of the Copper River & Northwestern road, in the winter season, during which periods it has sometimes been impossible for it to run trains for any kind of transportation, the Post Office Department has contracted for the transportation of the mails during such periods for Fairbanks and the upper Yukon region to go from Skagway up the White Pass and Yukon Road, to be thence transported via that route, instead of endeavoring to have them carried over the Copper River & Northwestern route. So that, the Post Office Department having heretofore recognized the conditions referred to, no contract has ever been entered into with said road by the Postmaster General for the annual carriage of the mails, as above stated.

Now, under the provisions of the Moon rider to said Post Office appropriation bill (sec. 16), should the same become a law, the Postmaster General would be authorized and permitted (p. 36, lines 13 to 17, inclusive), to designate the Copper River & Northwestern Railroad as a railroad mail route; by the provisions thereof, on page 43, lines 1 to 10, inclusive, he might direct it to provide mail cars and other facilities as therein specified (which has never before been required); by the provisions in lines 18 to 25, of the same page, if the company should fail to furnish said cars and mail facilities when required so to do by the Postmaster General, it is subject to a fine for such failure, in a sum to be fixed by the Postmaster General, and if the company shall refuse to carry the mails for the compensation fixed by said section of the act, then it is subject to a fine of \$5,000 for every such refusal.

These conditions imposed by the Moon rider are so very extraordinary and burdensome that if they were enforced, as the Postmaster General would have the authority to enforce them, under the terms of said rider, it would operate so as to virtually bankrupt the road, which has never yet been able to pay operating expenses and interest on its bonds.

It is true that in lines 9 to 14, inclusive, page 41, the Postmaster General is authorized to make special contracts with the railroads for carriage of the mails where, in his judgment, the conditions warrant a higher rate of compensation than is specified in the bill; but this feature is objectionable for the reason that it still leaves the whole matter "in the discretion" of the Postmaster General, and leaves the road absolutely at his mercy; whereas, in all matters of this kind, certainty of service and certainty as to compensation is the only safe criterions to pursue.

For the foregoing reasons, it is respectfully requested that, if, in the judgment of your honorable committee, the Moon rider ought to be adopted as wise and proper legislation, then that Alaska be expressly excepted from its provisions. The company is satisfied to continue to carry the mails under the arrangement now in force, and it respectfully asks that no change in the law be made as regards mail transportation in so far as it is concerned.

Respectfully submitted.

BURDETT, THOMPSON & LOWD,
Attorneys for the Copper River & Northwestern Railroad Co.

The CHAIRMAN. I believe that concludes our hearing for the present. I do not know of any further witnesses who are to appear.

Senator MARTINE. I want to say for myself, before these gentlemen, I have been very much edified and pleased with their presentation of the matter.

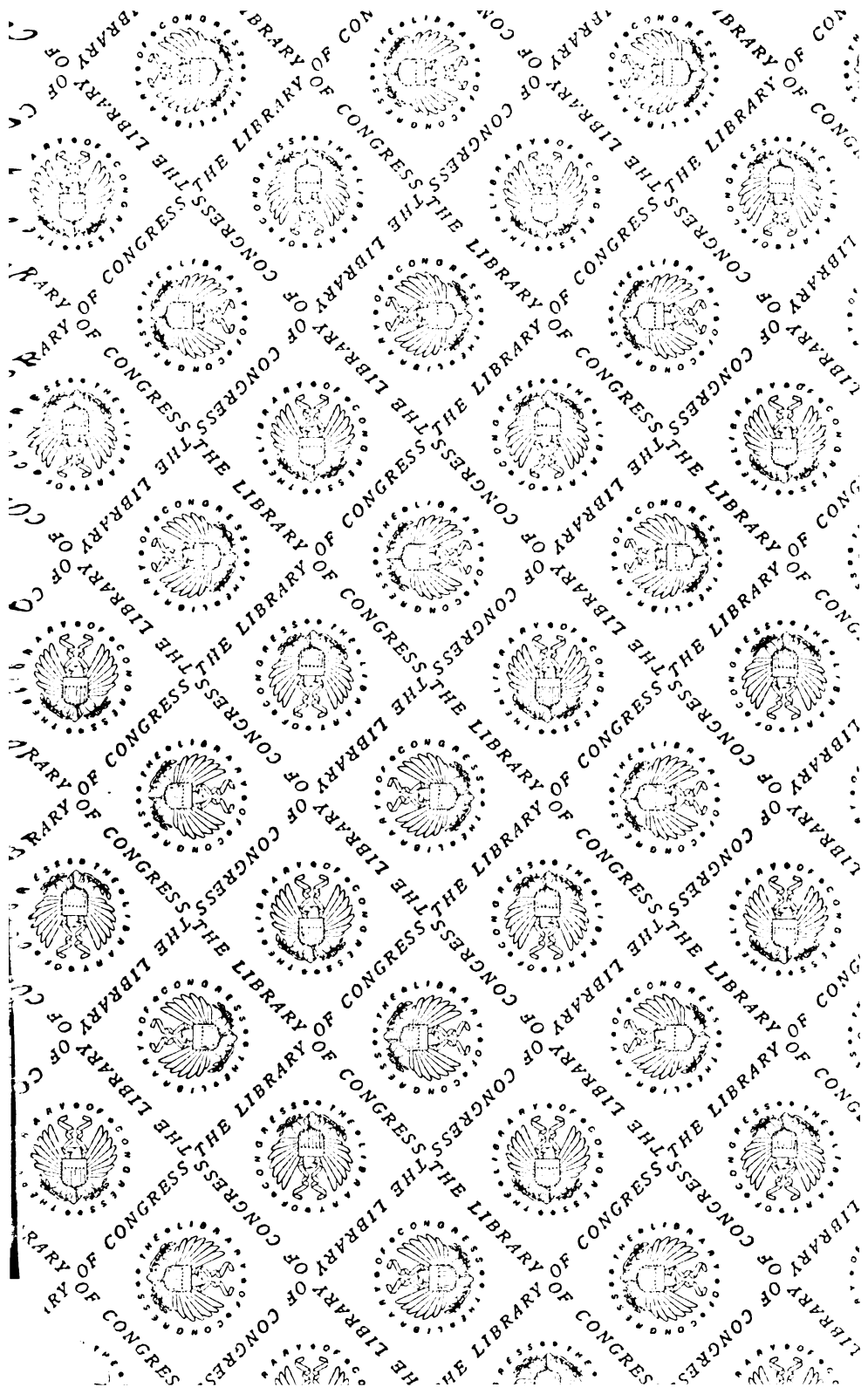
Mr. BRADLEY. We all feel very grateful to you for your courtesy and patience, gentlemen.

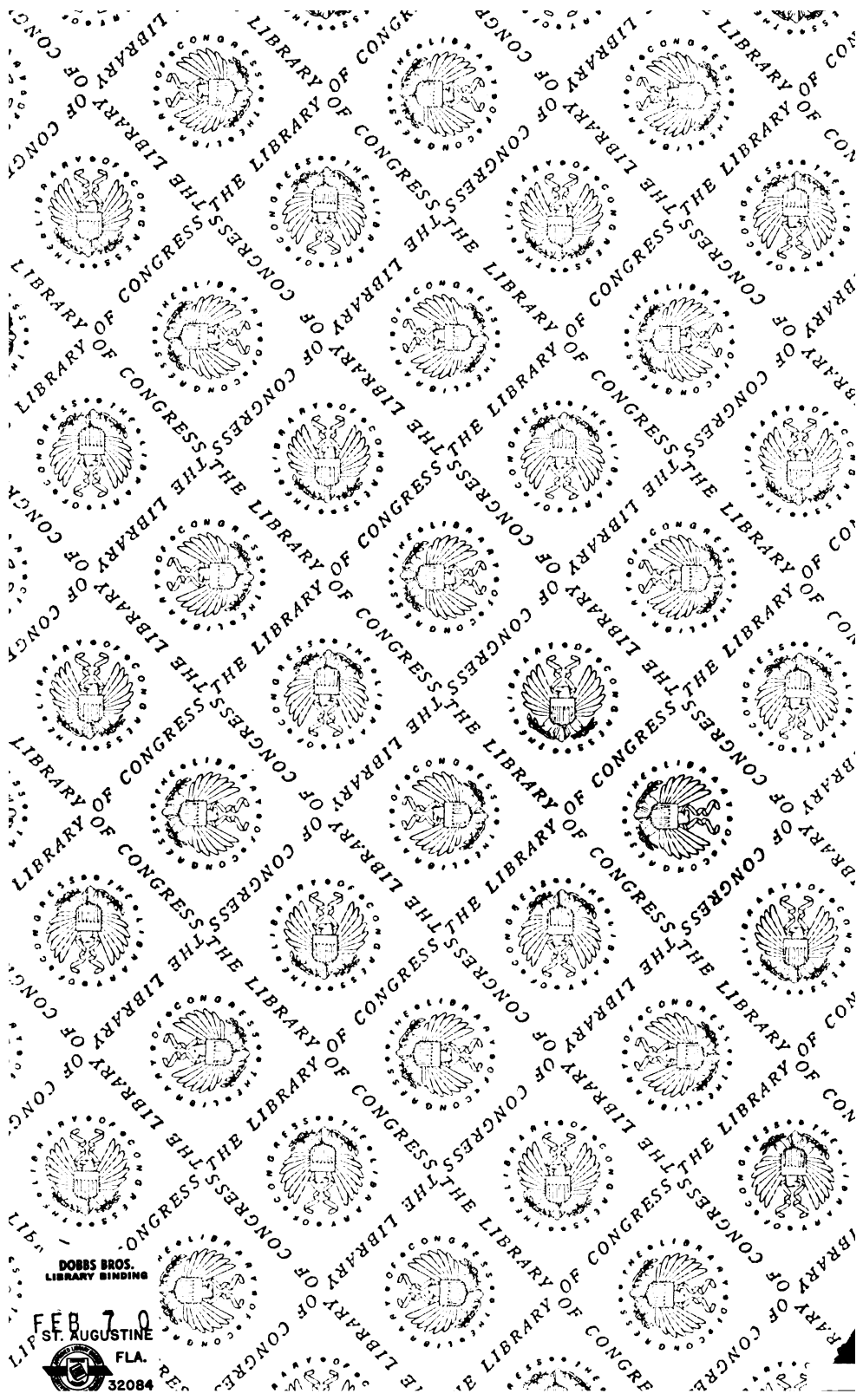
The CHAIRMAN. The committee will stand adjourned, subject to the call of the chairman.

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